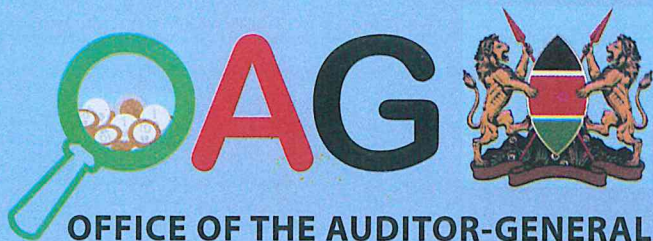


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

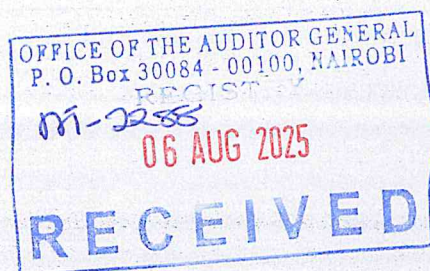
OF

THE AUDITOR-GENERAL

ON

**PUBLIC SECTOR ACCOUNTING
STANDARDS BOARD**

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



PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

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

Public Sector Accounting Standards Board
Annual Report and Financial Statements for The Year Ended June 30, 2025.

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1. Acronyms and Definition of Key Terms

Acronyms

ACCA	Association of Chartered Certified Accountants
APSEA	Association of Professional Societies in East Africa
CCIOs	Constitutional Commissions and Independent Offices
CEO	Chief Executive Officer
CMA	Capital Markets Authority
CPA	Certified Public Accountant
CS	Certified Secretary
FCPA	Fellow Certified Public Accountant
FCS	Fellow Certified Secretary
FiRe	Financial Reporting
GBE	Government Business Enterprises
GIAS	Global Internal Audit Standards
IBEC	Intergovernmental Budget and Economic Council
ICIFA	Institute of Certified Investment and Financial Analysts
ICPAK	Institute of Certified Public Accountants
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IPPF	International Professional Practice Framework
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
KASNEB	Kenya Accountants & Secretaries National Examination Board
MDACs	Ministries, Departments, Agencies and Counties
MDAs	Ministries, Departments and Agencies
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
PFM	Public Finance Management
PFMR	Public Finance Management Reforms
PSASB	Public Sector Accounting Standards Board
TNT	The National Treasury
UNICEF	United Nations International Children's Emergency Fund
WEF	With Effect From

2. Key Board Information and Management

a) Background information

The Public Sector Accounting Standards Board (PSASB) was established on 28th February 2014 and constituted in accordance with sections 192 and 193 of the PFM Act, 2012. PSASB is a Semi-Autonomous Government Agency (SAGA) under the National Treasury. The Board is constituted by the representative of each of the following bodies who serve on a part-time basis:

1. The National Treasury
2. The Controller of Budget
3. The Intergovernmental Budget and Economic Council
4. The Auditor-General
5. The Institute of Certified Public Accountants of Kenya
6. The Association of Professional Societies of East Africa
7. The Capital Markets Authority
8. The Institute of Internal Auditors
9. The Institute of Certified Public Secretaries of Kenya

Vision Statement

Transparent and Accountable Public Sector.

Mission Statement

Prescribe and promote the adoption of accounting, internal audit, and risk management standards in the public sector.

Tag line

Promoting Accountability.

Public Sector Accounting Standards Board
Annual Report and Financial Statements for The Year Ended June 30, 2025.

Core Values

Professionalism:	Upholding the highest moral standards and professional competence in service delivery. The Board will ensure fair competition and merit as the basis of appointments and promotions.
Accountability:	The Board shall take responsibility for its actions in the delivery of services.
Collaboration:	The Board shall endeavor to provide an enabling environment to achieve desired results promptly in a participatory approach and remains customer-focused on the delivery of its mandate.
Transparency:	The Board shall conduct its business and render services to its stakeholders openly.

Principal Activities

The principal activities of the Board, as provided by PFM Act section 194 (1), are to:

- a) Set generally accepted accounting and financial standards.
- b) Prescribe the minimum standards of maintenance of proper books of account for all levels of Government.
- c) Prescribe internal audit procedures which comply with the Act.
- d) Prescribe formats for financial statements and reporting by all state organs and public entities.
- e) Publish and publicize the accounting and financial standards and any directives and guidelines prescribed by the Board.
- f) In consultation with the Cabinet Secretary on the effective dates of implementation of the standards, Gazette the dates for application of the standards and guidelines; and
- g) Perform any other functions related to advancing financial and accounting systems management and reporting in the public sector. [05]

Public Sector Accounting Standards Board
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b) Key Management

The Board is supported by a Secretariat, which provides administrative and technical support to the Board and its committees in executing its mandate and functions. The key management personnel who served in the Secretariat during the year are as follows:

No.	Name of the Staff	Responsibility
1.	Georgina Muchai	Chief Executive Officer/Secretary
2.	Edwin Tito	Director, Internal Audit Standards
3.	Jabes Kotieno	Director, Training and Corporate Services
4.	Linda Nyageng'o	Manager, Internal Audit Standards
5.	Stanley Igati	Manager, Accounting Standards
6.	Frankie Welikhe	Manager, Legal & Board Secretary-w.e.f.8.04.2025
7.	Vincent Ayaya	Manager, Finance and Accounts

c) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer/Secretary	CPA Georgina Muchai
2.	Director, Internal Audit Standards	CPA Edwin Tito
3.	Director, Training and Corporate Services	CPA Jabes Kotieno
4.	Manager, Internal Audit Standards	CPA Linda Nyageng'o
5.	Manager, Accounting Standards	CPA Stanley Igati
6.	Manager, Legal & Board Secretary	CS Frankie Welikhe <i>W.e.f: 08.04.2025</i>
7.	Manager, Finance and Accounts	CPA Vincent Ayaya
8.	Head, Internal Audit	CPA/CIA Rose Sambi <i>Up to 7.01.2025</i>
10.	Head, Supply Chain Management	Dr. Mary Kariuki, MCIPS

d) Fiduciary Oversight Arrangements

The Board of Directors is responsible for ensuring the achievement of the strategic objectives, mandate of the organization, and financial accountability as set out under the PFM Act, 2012. This responsibility is achieved through the various committees of the Board, which are given specific terms of reference to carry out the Board's mandate. The Board also ensures that strategic direction is given to management, who are responsible for the organization's day-to-day operations, to achieve commonality of purpose. The Board has constituted the following committees to assist in the discharge of the mandate of the Board:

- i. Governance and Strategy Committee**
- ii. Accounting Standards Committee**
- iii. Internal Audit Standards Committee**
- iv. Audit and Risk Assurance Committee**

The Board is accountable to various parliamentary committees through the National Treasury.

e) Other Board's Key Details

i. Headquarters

CPA Centre 8th Floor
Ruaraka, Thika Road
P.O. Box 38831-00100
Nairobi, KENYA

ii. Contacts

Telephone: (254) 020 251 1557
E-mail: info@PSASB.go.ke.
Website: www.PSASB.go.ke.
Facebook: <https://www.facebook.com/PSASB/254/>.
LinkedIn: <https://www.linkedin.com/company/PSASBkenya>.
X: <https://x.com/PSASBKe>.

iii. Banker

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

iv. Independent Auditor

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

v. Principal Legal Adviser

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

3. The Board of Directors

The Board of Directors of the Public Sector Accounting Standards Board, as constituted, is as highlighted below:



**FCPA Pius M. Nduatih, OGW
Board Chairman**

FCPA Pius Nduatih was first appointed to the Board on 1st April 2022 and reappointed effective 1st April 2025, in line with Section 193 1 (a) of the PFM Act. He represents the National Treasury in the Board. FCPA Pius holds a Bachelor of Commerce degree from the University of Nairobi and an MBA from the University of Leeds (UK). He is a corporate governance trainer, board evaluator, and accredited governance auditor. He is a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Secretaries of Kenya (ICS), and the Institute of Certified Investment

and Financial Analysts (ICIFA) and a member of the Kenya Institute of Management (KIM).

FCPA Pius previously served as the Chief Executive Officer (CEO) of KASNEB, where he had earlier joined as Chief Officer, Finance. Before that, he had served as Head of Finance with the Commission for Higher Education (now Commission for University Education), Finance Officer, Kenya Science Teachers College, and as Accountant, Kenya Railways Corporation. FCPA Pius was a member of the team that developed Mwongozo: *The Code of Governance for State Corporations*. He has also served on various Boards, including the Kenya National Examinations Council (KNEC), the Kenya Education Management Institute (KEMI), ICPAK, ICS, ICIFA, RCPSB, and the Academic Board of the Kenya Institute of Curriculum Development (KICD).

Currently, Pius is a Consultant with Dorion Associates LLP and a facilitator for the Women on Boards Network. In recognition of his contribution to nation-building, FCPA Pius was conferred with the Order of the Grand Warrior of Kenya (OGW) by His Excellency, the President of Kenya, in 2013. On 30th August 2024, FCPA Pius Nduatih was appointed as the Vice Chairman to the National Steering Committee on the Transition from Cash to Accrual Accounting by the Cabinet Secretary, National Treasury and Planning, where he deputizes the PS, National Treasury.



**FCPA Stephen Masha, EBS,
Board Member**

FCPA Stephen Masha, EBS, was first appointed to the Board on 8th October 2021 and reappointed on 13th September 2024 in accordance with the Public Finance Management Act Section 193 1(b) to represent the Office of the Controller of Budget in the Board. During the year FCPA Masha chaired the Accounting Standards Committee and was a member of the Governance and Strategy Committee of the Board. FCPA Masha holds a Master of Science in Finance from Leicester University, a Bachelor's Degree in Education from Kenyatta University, and is a Certified Public Accountant. He is a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), where

he recently served as the convener of the Public Finance Sub-committee and a member of the Devolution and Branches Work stream and the Public Policy and Governance Committee. FCPA Masha has over twenty-five (25) years of experience in the finance and accounting sector, having worked as the Director, County Fiscal Affairs at the Commission on Revenue Allocation (CRA) before joining the Office of the Controller of Budget. Prior to joining CRA, he worked as the Regional Chief Fiscal Analyst at USAID, Audit Manager at Action Aid Kenya, Internal Auditor at Family Health Options Kenya (FHOK), and Auditor at Price Waterhouse, now Price Waterhouse Coopers. FCPA Masha is a Geneva-based UNAIDS Advisory Group (UAG) member on AIDS Response Financing. He has also served as an expert at the UN Expert Group Meeting on budgeting and planning to support effective institutions for the Sustainable Development Goals (SDGs) in 2019. Currently, he serves as the Deputy Controller of Budget.

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Annual Report and Financial Statements for The Year Ended June 30, 2025.

CPA Risper Olick was appointed 5th October 2021 and reappointed on 13th September 2024 in



CPA Risper Olick
Board Member

accordance with the Public Finance Management Act Section 193 1(e) to represent the Institute of Certified Public Accountants of Kenya (ICPAK) in the Board. During the year, CPA Risper chaired the Audit and Risk Assurance Committee and was a member of the Accounting Standards Committee of the Board. She holds a Master of Business Administration (Finance) from the University of Nairobi and a Bachelor of Commerce degree from the same University. CPA Risper is currently pursuing a Doctor of Philosophy in Business Administration (DBA) at USIU-A, specializing in Leadership and organization change. She is a Certified Public Accountant

of Kenya, a Certified Secretary, and a Certified Grants Accountant. She is a member of the Certified Public Accountants of Kenya, the Institute of Certified Secretaries, and the Association of Women Accountants of Kenya (AWAK). She is a resourceful and accomplished professional with over twenty (20) years' work experience in financial management, administration, operations, compliance checks, and project management. Currently, she is an Associate Director of Finance at Health Right Kenya. Until December 2020, she was the Finance and Administration Manager at Amnesty International Kenya where she worked for ten (10) years and was able to among other things, set up an efficient accounting system for the organization and rolled out an e-system that enabled staff to work smoothly from home in the Covid-19 pandemic period. She was also the coordinator of the *Wapi Nduru* program that trained over 400 accountants on Safe whistle-blowing in partnership with UNDP, Amnesty International Kenya and ICPAK among other partners. Previously, she has also worked with World Vision Kenya in charge of Finance and Supply Chain in Nyanza, Western, and parts of the Rift Valley. She has also served as a trustee and treasurer on the Board of Young Women Leadership Institute (YWLI). Until recently, CPA Risper served as a council member of the Institute of Certified Public Accountants of Kenya. She is the deputy chairperson of the Siaya County Assembly Audit Committee.



FCPA Edwin Njamura

Board Member

FCPA Edwin Njamura was first appointed to the Board on 8th October 2021 and was reappointed on 13th September 2024 in accordance with the Public Finance Management Act Section 193 1(g) and represents the Capital Markets Authority. During the year, FCPA Edwin Njamura served as a member of the Governance and Strategy and Accounting Standards Committees of the Board. He holds an Executive MBA from Moi University and a Bachelor of Commerce degree from the University of Nairobi. FCPA Njamura, until recently, served at the Capital Markets Authority from July 2012 as Director, Corporate Services, where he played a pivotal role in strengthening the Authority's institutional capacity. His leadership was instrumental in advancing transformational programs and embedding high standards in Accounting & Finance, Human Capital & Administration, Information Technology, and Procurement. Prior to this, he was the Chief Finance Officer of Deloitte East Africa and Finance Manager of the Deloitte Africa Board. His career spanning over twenty-seven (27) years has included working for other major brands such as Lonrho, Mitchell Cotts, and Exxon (locally Esso). FCPA Edwin is a pioneering AIRC – Africa Integrated Reporting Council committee member. He is also a Fellow of the Institute of Certified Public Accountants of Kenya.



CPA Leonard Okoth Ouma
Board Member

CPA Leonard Okoth was first appointed to the Board on 1st April 2022 and was reappointed on 1st April 2025 in accordance with the Public Finance Management Act Section 193 1(h) to represent the Institute of Internal Auditors of Kenya (IIA). During the year, CPA Leonard chaired the Internal Audit Standards Committee and was a member of the Audit and Risk Assurance Committee at the Board. He holds a Bachelor of Business Administration degree in Accounting from Maseno University and a Master of Business Administration in Strategic Management from United States International University. He is a Certified

Internal Auditor (CIA), Certified Public Accountant (CPA-K), Certified Information Systems Auditor (CISA) and Certified Fraud Examiner (CFE). He holds a certificate in Senior Management Leadership from Strathmore University and Nanyang Business School, Singapore. He is an audit leader with over Eighteen (18) years' experience in Assurance, Governance, and Risk Management. He has extensive assurance and governance experience serving on various Boards and organizations across several sectors, namely Telecommunication, Financial Services, Professional Audit Service, and Public Sector. He is a member of the Institute of Internal Auditors Kenya (IIA), the Institute of Certified Public Accountants of Kenya (ICPAK), the Information Systems Audit and Control Association (ISACA), the Association of Certified Fraud Examiners (ACFE), and the Institute of Directors (IoD) Kenya. CPA Leonard works at the Central Bank of Kenya as the Director, Internal Audit and Risk. Previously, Leonard was an Internal Audit Leader at Safaricom PLC. Leonard is the immediate past President of the Institute of Internal Auditors of Kenya and the Vice President in the Africa Federation of the Institute of Internal Auditors (AFIIA) and a member of the IIA Global Nominations Committee.



CPA CS John Njoka
Board Member

CPA CS John Njoka was appointed to the Board on 13th September 2024 in accordance with the Public Finance Management Act Section 193 1 (i) and represents the Institute of Certified Secretaries. During the period, he served as a member of the Internal Audit Standards and the Audit and Risk Assurance Committees of the Board. He holds a Master of Business Administration Degree in Finance and Strategic Management from Daystar University and a Bachelor of Science Degree in Mathematics from Egerton University. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Secretaries (ICS), the Institute of Human Resources Management (IHRM), and the Institute of Internal Auditors (IIA). He is also a trained Retirement Benefits Authority (RBA) Kenya trustee. He has over twenty-seven (27) years of experience in cost, management, and financial accounting, financial reporting, governance, administration, operations, assets, and inventory management. He has had oversight and responsibility over human resources, legal, logistics, and ICT functions. He has worked in several public and private sectors, including manufacturing, hospitality, publishing, higher education, and religious bodies. He is currently serving as one of the founding directors of Innovative Business Process Solutions, Strategic Human Resource Solutions, Human Capital Analytics Management Consultants, and Okal Githinji Consultants, a partnership dealing with talent development and reporting; return on investment on non-capital Investments; development of policies and procedures for optimal performance; change management; and organizational and personnel performance management.



CPA Damaris Mumo Kavoi

Board Member

CPA Damaris Mumo Kavoi was appointed to the Board on 1st April 2025 in accordance with the Public Finance Management Act Section 193 1(c) and represents the Inter-Governmental Budget and Economic Council (IBEC). She holds a Master of Business Administration (MBA) from the University of Nairobi and a Bachelor of Business Administration (BBA) in Accounting and Finance from Kenya Methodist University (KeMU).

CPA Kavoi is a Certified Public Accountant (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She serves in the Finance and Strategy Committee of the Institute. She is also a member of the Association of Women Accountants of Kenya (AWAK). CPA Kavoi has thirty-one (31) years of extensive experience in the public sector, is highly proficient in budgeting, financial reporting, donor-funded project management and policy advisory within the public sector. Previously, she held several senior positions at the University of Nairobi. She currently serves as the County Executive Committee (CEC) Member for Finance, Planning, Budget, and Revenue in the Makueni County Government, a position she has held since November 2022. In this role, she leads the county's fiscal and economic planning functions, revenue mobilization, and financial compliance.

She is widely recognized for her public sector financial management leadership, spearheading revenue automation initiatives, advancing budget transparency, and supporting national and county-level development frameworks.

CPA Kavoi serves in the Accounting Standards Committee and the Governance and Strategy Committee of the PSASB Board.



FCPA Edwin Kamar
Board Member

FCPA Edwin Kamar, CISA, CIA, CFE, was appointed to the Board on 1st April 2022 in accordance with the Public Finance Management Act Section 193 1(d) and represents the Office of the Auditor General. He holds a Bachelor of Commerce degree and is pursuing a Master of Public Policy and Management from Strathmore University. He is a Certified Information Systems Auditor (CISA), a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), and a Certified Public Accountant (CPA-K). FCPA Kamar is a Fellow at the Institute of Certified Public Accountants of Kenya (ICPAK), is a member of the Information Systems Audit and Control Association (ISACA), the Institute of Internal Auditors (IIA Global), and the Association of Certified Fraud Examiners (ACFE).

He currently serves as a Deputy Auditor-General at the Office of the Auditor General and has over twenty-five (25) years of experience in public financial management, governance, risk management, internal controls, and external audit. Edwin is recognised for his strategic leadership and innovation in public sector accountability. In November 2024, he was recognised and conferred Fellow of the Institute of Certified Public Accountants of Kenya for his contribution to the accountancy profession.

FCPA Edwin Kamar is also a strong advocate for innovation in public sector audit, having led digital initiatives such as the OAG automation project and mobile audit tools. These advancements have streamlined operations, expanded audit reach, and reduced risks of fraud and inefficiencies. He actively represents the Auditor-General of the Republic of Kenya in both national and international audit forums, contributing to the dialogue on governance, fiscal transparency, and institutional accountability.

FCPA Kamar serves in the Accounting Standards Committee and the Internal Audit Standards Committee of the PSASB Board.



**FCPA, CS, FA Kipkoech
Andrew Tanui
Board Member**

FCPA Kipkoech Andrew Tanui was appointed on 1st April 2025 in accordance with the Public Finance Management Act Section 193 1(e) and represents the Association of Professional Societies of Eastern Africa (APSEA). He holds a Master of Public Administration (MPA) from the University of Nairobi and a Master of Business Administration (MBA) from Moi University. He earned his Bachelor of Commerce (Accounting) degree from the University of Nairobi. FCPA Tanui is a Fellow of the Institute of Certified Public Accountants of Kenya (FCPA), a Certified Secretary (CS), and a Certified Financial and Investment Analyst (FA). He is also a Fellow of the Kenya Institute of Management (FKIM). His professional affiliations include membership in the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Public Secretaries of Kenya (ICPSK), Institute of Certified Financial and Investment Analysts (ICIFA), Kenya Institute of Management (KIM), Institute of Directors of Kenya (IoD(K)), and the Kenya Association of Public Administration and Management (KAPAM). He currently serves as the Deputy Director/Chief Executive in charge of Corporate Affairs at a government agency. He was recently nominated by ICPAK to the Selection Panel for the recruitment of the Chairperson and members of the Independent Electoral and Boundaries Commission.

FCPA Tanui has over 28 years of experience in the private and public sectors, having served in roles such as Assurance Auditor, Internal Auditor, Accountant, General Manager, Director, and Deputy Chief Executive. He has also chaired audit committees of constitutional commissions, including the Teachers Service Commission (2023 to date) and the Kenya National Commission on Human Rights (2015–2022). He is also the current Chair of ICPAK's Legislative Affairs Committee and a long-standing member of its Public Policy and Governance Committee.

FCPA Tanui is a member of the PSASB Board's Governance and Strategy Committee and Internal Audit Standards Committee.



CPA Mary Kimanzi Koki
Board Member

FCPA Mary Koki Kimanzi was first appointed to the Board on 3rd August 2028 and re-appointed to the Board on 1st April 2022 in accordance with the Public Finance Management Act Section 193 1(c) to represent the Inter-Governmental Budget and Economic Council (IBEC). She served until 31st March 2025. During the year, FCPA Mary served as the Chair of the Governance & Strategy Committee and a member of the Internal Audit Standards Committee of the Board. She holds a Master of Business Administration in Finance from the University of Nairobi and a Bachelor of Business Administration (Finance and Accounting) from Kenya Methodist University. She is currently pursuing a master's degree in public policy and management at the Strathmore Business School. FCPA Mary is a Certified Public Accountant, CPA (K), and a Fellow of the Institute of Certified Public Accountants in Kenya (ICPAK). She is a former County Executive Committee Member (CECM) for Finance and Socio-Economic Planning and Head of County Treasury at the Government of Makueni County. Mary has over twenty-five (25) years' experience in public finance management.



**FCPA Prof Nicholas Letting`,
PhD**

FCPA Prof. Nicholas K. Letting`, EBS, HSC, FCPA

Prof. Nicholas K. Letting was first appointed to the Board on 1st April 2019 and re- appointed on 1st April 2022 in accordance with Section 193 1 (f) and represents the Association of Professional Societies of Eastern Africa (APSEA). He served up to 31st March 2025. He is an Adjunct Associate Professor at KCA University. He holds a Doctor of Philosophy (PhD) in Business Administration (Strategic Management), an MBA, and a Bachelor of Commerce Degree from the University of Nairobi. He is a Certified Public Accountant (CPA), Certified Public Secretary (CPS), and Certified

Investments and Financial Analyst (CIFA). He holds several short-term Certificates from the Kenya School of Government and Strathmore Business School.

He has over twenty-six (26) years of experience in industry and academia in both private and public sector organizations, having worked with KASNEB, MUA, KIM and BAT Kenya. He is an External Examiner at the University of Nairobi and Chairman at APSEA. In 2020, he was awarded the Elder of the Order of the Burning Spear (EBS) and the Head of State Commendation (HSC) in 2012. He has been a Board/Council Member of several private and public sector organizations, including the Kenya Institute of Curriculum Development (KICD) and the National Commission for Science, Technology, and Innovation (NACOSTI). He was Chairman of the Institute of Certified Public Secretaries of Kenya (ICPSK) in 2014-2016.

He is a Fellow of ICPAK, ICS, and KIM and a Member in good standing of the Institute of Certified Investments and Financial Analysts (ICIFA), the Institute of Directors (IoD), and the Institute of Human Resource Management (IHRM). He is a member of the Council of ICPAK, ICS, and ICIFA, and he chairs the Audit, Risk and Compliance Committees. Prof. Letting serves as the Kenya Accountants and Secretaries National Examination Board (KASNEB) Secretary/Chief Executive Officer. He is the immediate past Vice-Chancellor/Chief Executive Officer of the Management University of Africa (MUA). During the year, FCPA Letting served as a member of the Governance and Strategy and Accounting Standards Committees of the Board.



CPA Sylvester Kiini
Board Member

FCPA Sylvester Ngei Kiini was appointed to the Board on 1st April 2022 and served up to 31st March 2025 in accordance with the Public Finance Management Act Section 193 1(d), representing the Office of the Auditor General. During the year, FCPA Sylvester served as a member of the Accounting Standards and Internal Audit Standards Committees of the Board. He holds a Master of Business Administration and Bachelor of Commerce Degree in Accounting from the University of Nairobi and is currently pursuing a PhD from the same university.

He's a member of the Institute of Certified Public Accountants and often facilitates ICPAK workshops and seminars. He boasts of thirty-two (32) solid years' experience in audit, of which fifteen (15) years have been in private audit firms and seventeen (17) years at the Office of the Auditor General. At the end of the financial year, Sylvester served as a Deputy Auditor General, Financial Audit Services at the Office of the Auditor General, a position he held for over ten (10) years. He is a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), where he serves as a member of the Professional Standards Committee of Certified Public Accountants of Kenya, a role he has served for eight (8) years since 2017.



FCS CPA Rosemary Njogu
Board Member

FCS CPA Rosemary Njogu was appointed to the Board on 8th October 2021 and served up to 8th October 2024 in accordance with the Public Finance Management Act Section 193 1(i) to represent the Institute of Certified Secretaries (ICS). Prior to the expiry of her term, she served the Board as a member of the Governance & Strategy and Internal Audit Standards Committees. She is a Certified Public Accountant-Kenya, Certified Public Secretary-Kenya, Chartered Global Management Accountant and Associates of Cost and Management Accountants (UK) professional. FCS Rosemary is a managing partner at Njogu Professional Consultants.



CPA Georgina Muchai
Chief Executive Officer and
Secretary of the Board

CPA Georgina Muchai is the Chief Executive Officer and Secretary of the Public Sector Accounting Standards Board, effective 1st May 2025. Before this, she was the Ag. Chief Executive Officer from 1st February 2024. Prior to this appointment, she was the Director of Accounting Standards at the Board. She holds a Master of Science in Finance from the University of Nairobi and a Bachelor of Commerce Degree from Kenyatta University. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She is also a member of the Institute of Internal Auditors (IIA). She holds a certificate in IPSAS and IFRS from ACCA and a Public Finance Management Certificate from the IMF

Institute of Capacity Building. She joined PSASB in 2016 as a technical services advisor and was appointed as Director of Accounting Standards in June 2019. Prior to joining the PSASB, she worked as an external auditor with Deloitte and Touche, PKF East Africa and KK & CO. She has over seventeen (17) years of experience in audit, finance, accounting, financial reporting and public finance management. She contributes to setting international public sector accounting standards and serves the International Public Sector Accounting Standards Board (IPSASB) as a technical advisor. She is also a member of the Public Value Management – Technical Advisory Group (PVM- TAG) at the Pan African Federation of Accountants. CPA Georgina Muchai also serves as a member of the National Steering Committee on the Transition from Cash to Accrual Accounting.

4. Key Management Team

Team Member	Member's Profile
	<p>CPA Georgina Muchai is the Chief Executive Officer Secretary of the Public Sector Accounting Standards Board, effective 1st May 2025. Before this, she was the Ag. Chief Executive Officer from 1st February 2024. Prior to this appointment, she was the Director of Accounting Standards at the Board. She holds a Master of Science in Finance from the University of Nairobi and a Bachelor of Commerce Degree from Kenyatta University. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She is also a member of the Institute of Internal Auditors (IIA). She holds a certificate in IPSAS and IFRS from ACCA and a Public Finance Management Certificate from the IMF Institute of Capacity Building. She joined PSASB in 2016 as a technical services advisor and was appointed as Director of Accounting Standards in June 2019. Prior to joining the PSASB, she worked as an external auditor with Deloitte and Touche, PKF East Africa and KK & CO. She has over seventeen (17) years of experience in audit, finance, accounting, financial reporting and public finance management. She contributes to setting international public sector accounting standards and serves the International Public Sector Accounting Standards Board (IPSASB) as a technical advisor. She is also a member of the Public Value Management – Technical Advisory Group (PVM-TAG) at the Pan African Federation of Accountants. CPA Georgina Muchai also serves as a member of the National Steering Committee on the Transition from Cash to Accrual Accounting.</p>

Team Member	Member's Profile
	<p>CPA Jabes Kotieno- Director, Training and Corporate Services</p> <p>CPA Jabes is a Chartered Certified Accountant (ACCA) and a Certified Public Accountant (CPA) with a Masters Degree in Business Administration (Finance) from the University of Nairobi. He has over seventeen (17) years accounting and finance experience having worked with different corporate firms and organizations including Oshwal Education and Relief Board, Kapa Oil Refinery, Shankar Investment Ltd among others. He has experience in Financial and Management Accounting, Taxation, Investment and Risk evaluation. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of internal Auditors (IIA) and Association of Chartered Certified Accountant (ACCA).</p>
	<p>CPA Edwin Tito – Director, Internal Audit Standards</p> <p>CPA Tito is a member of the Institute of Internal Auditors (IIA) and Institute of Certified Public Accountants Kenya (ICPAK). He serves as a 2nd Vice Chair for the Institute of Internal Auditors Kenya whose role is to professionalize the internal audit function by promoting adoption of IPPF and growing the numbers of Certified Internal Auditors in the country. He holds a Master of Science in Project Management and a Bachelor of Commerce (Finance). He is a Certified Internal Auditor (CIA), Certified Public Accountant (CPA), An accredited Corporate Governance Trainer, Accredited Internal Audit Quality Assessor, and a Quality Management Systems Auditor. He has over seventeen (17) years' experience in Internal Audit, Risk Management, Compliance, and</p>

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Team Member	Member's Profile
	<p>Quality Assurance obtained from a variety of international and local organizations drawn from the Private, Charity and Public Sectors.</p>
	<p>CPA Linda Nyageng'o – Manager, Internal Audit Standards</p> <p>CPA Linda holds MBA – Financial Management from University of Nairobi and B. Com (Accounting Option) from Kenyatta University. She also holds IPSAS and IFRS Certifications from ACCA. She is a Certified Public Accountant, Certified Internal Auditor, Certified Public Secretary and IRMCert. Previously, she has worked with the County Government of Kisii as the Head of Internal Audit. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Internal Auditors (IIA) and the Institute of Certified Secretaries of Kenya (ICS).</p>
	<p>CPA Stanley Igati – Manager, Accounting Standards</p> <p>CPA Stanley holds an MBA (Finance) from Kenyatta University and a Bachelor of Education (Arts) from the University of Nairobi. He is a Certified Public Accountant and is a member of the Institute of Certified Public Accountant of Kenya (ICPAK). Stanley also holds an IPSAS certification from ACCA. Stanley previously worked at the National Treasury and has over fourteen (14) years in experience in the public sector.</p>

Team Member	Member's Profile
	<p>CPA Vincent Ayaya – Manager, Finance and Accounts</p> <p>CPA Ayaya holds a Master of Science (Finance) from University of Nairobi and Bachelor of Commerce (Finance Option) from the same university. He is a Certified Public Accountant and is currently pursuing PhD in Business Administration. Previously, he worked with the Kenya Film Classification Board as Head of Finance and Accounts. He has fifteen (15) years of experience in Public Finance management, Public Procurement, Budgeting, Risk Management and Human Resource Management and Administration. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is also a trainer in Corporate and Public Finance Management.</p>
	<p>CS Frankie Welikhe – Board Secretary & Manager, Legal Services</p> <p>CS Frankie Welikhe is an Advocate of the High Court of Kenya and was entered in the Roll of Advocates on 9th October 2009. She has over sixteen (16) years' post admission experience as a Legal & Corporate Governance practitioner in the private and public sector. She holds a Master of Public Policy and Management (MPPM) from Murdoch University (Australia) and Bachelor of Laws (LLB) (Hons) from the Moi University and a Post Graduate Diploma in Law from the Kenya School of Law. Additionally, she is a Certified Public Secretary of Kenya CPS (K), an Associate Arbitrator, a Governance and Legal Auditor, a Legislative Drafter, a Commissioner of Oaths and a Notary Public. She is a member of the Law Society of Kenya, the East Africa Law</p>

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Team Member	Member's Profile
	<p>Society, the Chartered Institute of Arbitrators – Kenya and the Institute of Certified Secretaries (ICS). She possesses solid experience in Public Sector Governance successfully championing Good Governance and Board Management, in addition, she is a seasoned legal advisor and Litigator.</p>

5. Report of the Board Chairman



I am pleased to present the Annual Report and Financial Statements for the Public Sector Accounting Standards Board for the year ending June 30, 2025. During the period under review, the Board registered significant growth in its operations compared to the previous FY 2023/2024. The Board is implementing its third-generation strategic plan for 2023-2027, which is in its second year. This plan is aligned with the policy goals, priority programmes, and strategic issues the board addresses in fulfilling our mandate and government priorities.

During the year under review, the board, in consultation with the Cabinet Secretary, National Treasury, and Economic Planning, appointed CPA Georgina Muchai as the Chief Executive Officer effective from 1st May 2025.

On policy direction, the Board, in consultation with the Cabinet Secretary, National Treasury and Economic Planning, gazetted the transition from cash accounting to accrual by the National Government, County Government and their related entities with effect from 1st July 2024 through a gazette notice number 11033 dated 30th August 2024. This is a significant milestone and an important Public Finance Management Reform in the history of our country. To facilitate the coordination of the transition from cash to accrual accounting over the 3-year transition period, the Cabinet Secretary, National Treasury and Economic Planning appointed a Steering Committee chaired by the Principal Secretary of the National Treasury vide gazette notice 10892 of 30th August 2024. By the end of June 2027, all public sector entities are expected to have transitioned to the accrual basis of accounting.

Accrual accounting will lead to better decision-making, allow the government to manage its finances more effectively, permit comparisons of financial performance between different government agencies, encourage international comparability, and promote transparency and accountability in public finance as envisioned in the Constitution of Kenya, 2010.

Furthermore, as enshrined in Section 194 of the PFM Act, 2012, the Board continued to prescribe internal audit procedures that mainstream best practices for good governance, internal controls,

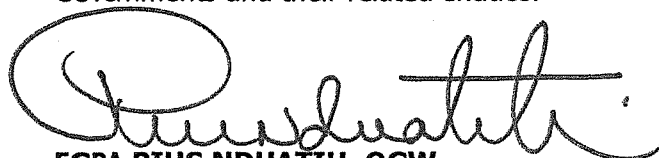
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and risk management. In line with this, the Board facilitated public sector entities to transition from the 2017 International Professional Practices Framework (IPPF) to the 2024 IPPF that became effective on 9th January 2025. This facilitation was done through intensive capacity building and the development of tools and templates to guide the transition. The new Global Internal Audit Standards (GIAS), which is the main component of the IPPF, is aimed at strengthening the internal audit functions to provide hindsight, insight, foresight, and oversight.

The Board continues to work closely with its key stakeholders which include the National Treasury, the Office of the Auditor General, Office of the Controller of Budget, the Institute of Certified Public Accountants, the Institute of Internal Auditors, the Council of Governors, Public sector entities and oversight bodies including parliamentary committees to realize its mandate. During the year, the Board collaborated with the Institute of Certified Public Accountants of Kenya to Award excellent organisations in the private and public sectors in financial reporting through the Financial Reporting (FiRe) Awards. In addition, the board collaborated with the Institute of Internal Auditors to host the Internal Auditors and Risk Management Practitioners Awards to award excellent organisations and internal Auditors and Risk Management practitioners in private and public entities. The board will continue with this collaboration into the foreseeable future.

During the year, the Board conducted a significant number of sensitisation programmes and training workshops for public sector accountants and internal auditors regarding the transition from cash to accrual accounting and the transition to the 2024 IPPF, respectively.

I take this opportunity to thank all our stakeholders for their continued support throughout the year. I recognise The National Treasury and Economic Planning for adequately resourcing the Board in this current financial year, The Public Finance Management Reforms Secretariat (PFMRS), Board Members, Management and Staff for their invaluable contribution towards the achievement of our planned activities during the year under review. I look forward to further collaboration as we implement the transition from cash to accrual for the National and County Governments and their related entities.


FCPA PIUS NDUATHI, OGW
BOARD CHAIRMAN

6. Report of the Chief Executive Officer / Board Secretary



I am delighted to present the Public Sector Accounting Standards Board (PSASB) 's annual report and financial statements for the year ended June 30, 2025. As mandated in the PFM Act 2012, the Board has continued to promote transparency and accountability in the country by prescribing the adoption and implementation of accounting, internal audit, and risk management standards in the public sector.

In FY 24/25, the Board received 100% of the budget allocation from the National Treasury to enable the execution of its activities in line with its Strategic Plan and work plan for the year. The allocation from the National Treasury in FY 2024/2025 amounted to Kshs 640.6 million. This support signified the Government's commitment to the Board's mandate, particularly the Public Management Finance Reform on the transition from cash to accrual accounting for the National Government, County Governments, and their respective entities.

To progressively support the strategic objectives, the Board continues to pursue strategic partnerships and collaborations with key stakeholders in areas of mutual interest. This has enhanced our ability to execute the Board's mandate. The utilization of funds received during the period stood at 61%, with a total budget expenditure of KES 615.6 million against an actual income of KES 973.2 million.

The strategic plan 2023-2027 is a key tool for the board to prescribe and promote the adoption of accounting, internal auditing, and risk management standards in the public sector. The plan has four (4) Key Result areas and five (5) strategic objectives. The key result areas include standard setting, Capacity development, Compliance monitoring, and institutional strengthening. This year's resultant performance for the Board on its work plan was over 90%.

The key highlights from the above performance included the gazettelement of the transition from cash to accrual accounting by National Government, County Governments and their respective entities, development of eleven (11) new financial reporting templates in preparation for financial reporting on accrual basis of accounting by transitioning entities, review of twenty-eight (28)

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annual financial reporting templates for FY 2024/2025, and the development of five (5) guidelines on accounting standards. To enhance governance and internal control mechanisms for public entities, the board developed five (5) guidelines for transition to the Global Internal Audit Standards, developed six (6) risk management reporting templates, and fifteen (15) internal audit templates.

To support transitioning from cash to accrual basis of accounting, the Board has sensitized and trained two thousand six hundred and nine (2,609) accountants, trainers of trainers from Ministries, Departments, Agencies, and Counties (MDACs) and the Office of the Auditor General. With respect to the transition to the 2024 IPPF, the Board trained two thousand three hundred and twenty (2,320) internal auditors and risk practitioners. These sensitization programmes will continue throughout the next financial year.

Further, during the reporting period, the Board was able to evaluate financial statements for the Financial Reporting Excellence (FiRe) award. This exercise is also a tool used by the Board to evaluate the compliance of public entities with the accounting standards, frameworks, and guidelines prescribed by the Board. A total number of one thousand and twenty (1,020) entries from the public sector participated in the FiRe Award 2024, compared to eight hundred and forty-one (841) public sector entities that received in the FiRe Award 2023, indicating the continued urge for public entities to improve the quality of their financial reporting. In the same breadth, the board also hosted the second Internal Auditors and Risk Practitioners Award in collaboration with the Institute of Internal Auditors.

Finally, on behalf of the Board, let me take this opportunity to appreciate the support it has received from the National Treasury and Planning, the Office of the Auditor General and all our stakeholders. I also thank the Board of Directors and members of staff for their support and dedicated service. PSASB is committed to continue to promote transparency and accountability in the public sector as envisioned in the Constitution of 2010.



CPA GEORGINA MUCHAI
CHIEF EXECUTIVE OFFICER / SECRETARY

7. Statement of the Board's Performance Against Predetermined Objectives FY 2024/2025

PSASB Strategic Plan aligns the policy goals, priority programs, and fiscal framework to support the achievement of the objectives of the Fourth Medium Term Plan (MTP IV), the Kenya Vision 2030, and amplifying the Bottom-up Transformational Agenda (BETA) espoused by providing mechanisms for transparency and accountability for resources allocated for transforming the country.

The PSASB strategic Plan contributes to the National Development Agenda by setting accounting, internal audit standards, and risk management in all public sector entities. The application of these standards in the public sector will lead to increased transparency and accountability, better relationships with development partners, effective assets management, and prudent liabilities management. PSASB has four strategic focus areas and five (5) strategic objectives within its Strategic Plan 2023-2027. These strategic focus areas are as follows:

Key Result Area 1: Standards Setting

Key Result Area 2: Capacity Development.

Key Result Area 3: Compliance Monitoring.

Key Result Area 4: Institutional strengthening and sustainability.

PSASB develops its annual work plans based on the above four key results areas of focus. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The performance is then reported continuously, culminating in an annual report. PSASB achieved its performance targets for FY 2024/2025 for its four strategic focus areas. The following are the key highlights of the performance:

1. Developed/Reviewed **eleven (11)** financial reporting templates for IPSAS Accrual: MDA's financial report template, Project financial reporting template, National Receivers of Revenue, County Receiver of Revenue, County Accrual Template, County Consolidated, National Government Constituency Development Fund Primary Schools Reporting template, Debt reporting and Pension Schemes. In addition, the board reviewed **twenty-eight (28)** annual financial reporting templates for FY 2024/2025 for Ministries,

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Departments, Agencies, and Counties (MDACs). **Thirty-nine (39)** financial reporting templates were developed/reviewed during the period.

2. Prepared/Developed **five (5)** guidelines on accounting standards, including guidelines on IPSAS 46 on measurement, IPSAS 24 on budget information presentation, IPSAS 47 on revenue, and reviewed primary schools' financial reporting guidelines and the secondary schools' financial reporting guidelines.
3. Gazetted the transition from cash to accrual accounting, reducing the accounting frameworks from **three (3)** to two **(2)**, the IFRS and IPSAS accrual frameworks. This is a significant milestone in our country's history.
4. Responded **to 100%** of Exposure Drafts, including ED 90,91,92,93, and the IPSAS - Sustainable Reporting Standard 1(IPSAS SRS 1) released by IPSASB during the period.
5. Developed **two (2)** Model Financial Statements for Primary and Secondary Schools reporting on IPSAS accrual.
6. PSASB participated in **four (4)** Quarterly meetings of the IPSASB to advance international standard setting.
7. Transitioned 100% of the Ministries, Departments, Agencies, and Counties (MDACs), Constitutional Commissions, and Independent Offices through a gazette notice on 30th August 2024. The transition is phased over three years with respect to progressive recognition of assets and liabilities by the transitioning entities.
8. Developed **one (1)** Primary school financial reporting guideline for actualizing the financial reporting template for the schools.
9. Developed **fifteen (15)** internal audit templates: Two (2) sets of internal audit templates for National and County Governments, Model Audit Committee Charters, Internal Audit Charters, Strategic Plan Template, Risk-Based Annual Plans, Annual & Quarterly Reports for National and County Governments, Internal Audit Reports, Coordination and Reliance, and Code of Ethics & Conflict of Interest templates.
10. Developed **five (5)** internal audit guidelines: the Transition to Global Internal Audit Standards, the Development of County Audit Programs, the Public Sector Internal Control Guidelines, Public sector quality assurance improvement program guidelines, and the Head of internal audit performance evaluation tool and guidelines.
11. Developed **six (6)** risk management reporting templates: Risk Implementation plan, Quarterly risk reporting template, Annual risk reporting template, Risk Mitigation Plan Template, and Incident Reporting Template.

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12. Developed **an** internal audit manual to be approved and finalized in FY 25/26.
13. Undertook **three (3)** training needs assessments for audit committee members, internal auditors, and risk management officers across state corporations, independent offices, and commissions.
14. The Board developed **one (1)** training curriculum and plan for governing bodies, internal auditors, and risk management officers.
15. Purchased **six hundred (600)** Global International Audit Standard (GIAS) books and disseminated **three hundred and sixty-six (366)**. In addition, the audit committee charter, internal audit charter, internal strategic plan, risk-based annual plan templates and guidelines on transition to 2024 GIAS were disseminated through the PSASB website.
16. Sensitized/trained **two thousand six hundred and nine (2,609)** accountants and PFM Officers on the transition to accrual accounting including: County Climate Change Accountants and Fund Administrators, County Governments, Training of Trainers for Office of the Auditor-General, MDAs and CCIOs, IFMIS Department and National Treasury Financial Reporting Unit, National Receivers of revenue, County Receivers of revenue and County Revenue Fund, Sub County Accountants, County TOTs and Accountants from the Development Projects.
17. Sensitized **two thousand three hundred and twenty (2,320)** internal auditors and risk practitioners.
18. Undertook post-training assessments for accountants, internal auditors, and risk practitioners to determine areas for training for the subsequent periods.
19. Undertook post-training assessment for the sensitizations undertaken for audit committee members, internal auditors and risk management officers from State Corporations, Independent Offices and Commissions, and county governments.
20. The Revamped E-learning Platform is now known as the *Capacity Development Information Management System (CDIMS)*. It is a one-stop platform for e-learning and managing capacity development programmes and resources.
21. Provided **100%** technical support to all public entities that requested support on implementing accounting standards, guidelines, and frameworks.
22. Reviewed the FiRe Awards Evaluation tool for both IFRS and IPSAS reporting.
23. Evaluated **1,020** public sector entities through the FiRe Awards.
24. Developed **three (3)** monitoring compliance tools for internal audit standards, guidelines, and frameworks, namely, the Global Internal Audit Standards Compliance Monitoring Tool.

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25. Developed **five (5)** internal audit guidelines: Transition to Global Internal Audit Standards, the County Audit Programs, the Public Sector Internal Control Guidelines, Head of Internal Audit Performance Evaluation guidelines, and Quality Assurance Improvement Program Guidelines.
26. Developed **six (6)** risk management reporting templates: Risk Implementation plan, Quarterly risk reporting template, Annual risk reporting template, Risk Mitigation Plan Template, and Incident Reporting Template.
27. Undertook compliance audit for internal audit standards, guidelines, and frameworks for the County Governments of ***Murang'a, Baringo, Bomet, Elgeyo Marakwet, Kericho, Nakuru, Nandi, Samburu, Trans Nzoia, Turkana, Uasin Gishu and Mombasa*** and prepared a report on compliance status.
28. Conducted post-training and sensitization for entities transitioning to an accrual accounting basis.
29. Trained 100% of the staff targeted during the period.
30. Appraised all staff for the performance of FY 2023/2024.
31. Automated **eight (8)** business processes, namely: E-procurement module, Performance Model Tool, Dashboards for the Fire Award tool, Internal Audit and Risk Awards Evaluation Tool Version 1.0, Doc-IT, Events Management Module of the CDMIS. Version 1.0, a revamped e-learning Platform and Recruitment Portal developed with ICTA.
32. Developed the Business Continuity and Disaster Recovery Plan and a Business Continuity Policy.
33. Prepared the Quarterly financial reports for quarters one, two, three and four FY 2024/2025.
34. Implemented the Board Almanac for quarters one, two, three, and four FY 2024/2025.
35. Finalized and launched the strategic plan for 2023-2027.
36. Conducted financial audit for FY 2024/2025 and obtained an unqualified opinion being the first public sector to be audited by the Office of the Auditor General.

Further, the table below shows the PSASB Progress report for the period ending 30th June 2025:

Table 1: PSASB Annual Progress Performance for the period ending 30th June 2025.

KRA/Strategic objective	Activities	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
					Target (B)	Actual (C)	Variance (B-C)
KRA 1: Standard Setting							
Enhance uniformity of financial, internal audit and risk management information	Develop/Review reporting and internal audit templates	Financial reporting and internal audit templates developed/reviewed	No. of financial reporting templates	28	28	39	+11
			No. of internal audit templates	12	12	15	+3
	Develop/Review accounting and internal audit guidelines and frameworks	Accounting and internal audit guidelines and frameworks developed/reviewed	No. of accounting guidelines developed/reviewed	4	4	5	+1
			No. of accounting frameworks developed	2	2	2	-
			No. of internal audit guidelines developed	6	6	5	-1
			No. of Internal Audit Frameworks developed	1	1	1	-
			% of exposure drafts responded to on accounting standards.	100%	100%	100%	-
			% of exposure drafts responded to on internal audit standards	100%	100%	100%	-
		% of MDACs, Constitutional	100%	100%	100%	-	

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KRA/Strategic objective	Activities	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
					Target (B)	Actual (C)	Variance (B-C)
			Commissions and Independent Offices reporting on prescribed accounting framework				
			% of MDACs, Constitutional Commissions and Independent Offices reporting on prescribed internal audit guidelines	100%	100%	100%	-
			No. of model financial reports developed and reviewed	3	3	3	-
			No. of meeting attended	4	4	4	-
			% level of transitioning to accrual accounting	25%	25%	25%	-
	Participate in Quarterly Board Meetings for International Public Sector Accounting Standards Board (IPSASB)	Quarterly Meetings attended at International Public Sector Accounting Standards Board on standard setting	No. of categories of MDACs, Constitutional Commissions and Independent Offices	9	9	9	-
			Ministries, Departments, Agencies and Counties (MDACs), Independent Offices and Constitutional Commissions to accrual accounting				

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KRA/Strategic objective	Activities	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
					Target (B)	Actual (C)	Variance (B-C)
Improve accuracy and completeness of financial and internal audit	Prescribe risk management reporting templates	Risk management reporting templates developed	No. of Risk management reporting templates	5	5	6	+1
	Prescribe internal audit procedures for public entities	Internal audit procedures prescribed	No. of audit manuals developed and reviewed	2	2	2	--
			No. of internal Audit programs developed and reviewed	14	14	14	-
KRA 2: Capacity Development							
Enhance skills and knowledge in financial reporting, internal auditing and risk management guidelines	Undertake training needs assessment	Training assessment undertaken	Training needs for accountants and PFM officer's report	1	1	1	-
			Training needs for internal auditors and Risk practioners report	1	1	4	+3
	Develop and disseminate appropriate training/capacity building materials	Training/Capacity building materials developed	Approved training curriculum for capacity development	1	1	0.5	(0.5)
			No. of training modules	1	1	0.5	(0.5)
		Training/Capacity building materials disseminated	% of standards, templates, guidelines, procedures and frameworks disseminated	100%	100%	100%	-

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KRA/Strategic objective	Activities	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
					Target (B)	Actual (C)	Variance(B-C)
	Sensitize implementing entities on prescribed standards, guidelines and frameworks	Implementing entities sensitized on prescribed standards, guidelines and frameworks	No. of IPPF books	600	600	0	-
			No. of IFRS/IPSAS books	225	225	50	(175)
			No. of internal auditors and risk practioners trained/sensitized on prescribed standards	1800	1800	2320	+520
			No. of Accountants trained/sensitized on prescribed standards	1200	1200	2609	+1409
			No. of MDACs, Constitutional Commissions and Independent Offices trained/sensitized	750	750	750	-
	Undertake post-training assessment	Post-training sensitization assessment undertaken and post-training assessment report for internal auditors and risk practioners	4	4	4	-	
		Post-training sensitization assessment report for accountants and PFM practioners.	4	4	4	-	

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KRA/Strategic objective	Activities	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
					Target (B)	Actual (C)	Variance (B-C)
	Create/Develop E-learning platforms	Developed e-learning Platforms	No. of e-learning Platforms	1	1	1	-
	Provide technical support on implementation of standards, guidelines and framework	Technical support offered to MDACs, Constitutional Commissions and Independent offices	% of MDACs, Constitutional Commissions and Independent Offices supported on accounting standards, guidelines and frameworks	100%	100%	100%	-
			% of MDACs, Constitutional Commissions and Independent Offices supported on internal audit standards, guidelines and frameworks	100%	100%	100%	-
	Undertake research for adoption of standards	Research undertaken	No. of research on internal audit standards, guidelines and frameworks	1	1	0.5	(0.5)
			No. of research on accounting standards, guidelines and frameworks	1	1	0.5	(0.5)
			% of staff trained	100%	100%	0	(-100%)

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KRA/Strategic objective	Activities	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
					Target (B)	Actual (C)	Variance (B-C)
Strengthen compliance with prescribed standards, guidelines and frameworks		Developed capacity to undertake research	No. of programs developed for research on internal audit standards, guidelines and frameworks	1	1	1	-
			No. of programs developed for research on accounting standards, guidelines and frameworks	1	1	1	-
	KRA 3: Compliance Monitoring						
	Conduct: financial report evaluation for MDACs, Constitutional Commissions and Independent Offices	Financial evaluation conducted	Financial evaluation tool	1	1	1	-
	Undertake quality review of financial reports	Quality review undertaken for MDACs, Constitutional Commissions and Independent Offices	% of FIRE Awards entries evaluated.	100%	100%	100%	-
	Develop monitoring compliance tools	Monitoring tool developed	No. of Quality Reviews Report	1	1	1	-
	Conduct: Internal Audit and Risk Awards	Internal Audit and Risk Awards undertaken	No. of tools	2	2	2	-
			Internal audit and risk evaluation tool	1	1	1	-
			% of Internal audit awards entries evaluated	100%	100%	100%	-

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KRA/Strategic objective	Activities	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
					Target (B)	Actual (C)	Variance (B-C)
			No of quality review reports	1	1	1	-
	Develop quality Assurance Improvement Guidelines for public entities	Quality Assurance Improvement Guidelines developed	No. of Quality Assurance Improvement Guidelines	1	1	1	-
	Monitor compliance on standards, guidelines, frameworks and risk management	Compliance programs undertaken	No. of internal audit standards compliance reports	4	4	4	-
			No. of accounting standards compliance reports	4	4	2	(2)
KRA 4: Institutional strengthening and sustainability							
Enhance institutional efficiency, productivity and effectiveness.	Implement HR policies and Instruments	HR Policies and Instruments Implemented	Employee satisfaction performance index	100%	100%	100%	-
	Undertake capacity development programs	Capacity development programs undertaken	% of staff trained	100%	100%	100%	-
	Conduct employee satisfaction and work environment survey	Implemented Employee satisfaction and environment surveys recommendations	No. of staff recruited	14	14	2	(12)
	Implement staff performance management systems	Staff performance appraisal conducted	% of implementation of	90%	90%	75%	(15%)
			Annual staff performance score	100%	100%	-	-

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KRA/Strategic objective	Activities	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
					Target (B)	Actual (C)	Variance (B-C)
	Automate business processes	Business processes Automated	No. of business processes automated	7	7	8	+1
	Conduct a survey on levels of automation for the organization	Automation survey conducted	% Level of automation	30%	30%	49%	+19%
	Upgrade ICT infrastructure	ICT infrastructure upgraded	% of ICT infrastructure upgrade	100%	100%	100%	-
		Business Continuity Plan and Disaster recovery developed	No. of plans	2	2	2	-
	Carry out annual legal compliance audit	Annual legal compliance Audit conducted	No. legal audits conducted	1	1	0	(1)
	Develop amendments to the PFM Act on accounting and internal audit standards	PFM Act Amendments developed /Reviewed	% of Amendments undertaken	100%	100%	20%	(-80%)
	Develop/Review institutional policies	Policies developed/reviewed	No. of policies developed/reviewed	3	3	4	+1
	Conduct annual governance audit	Annual governance audit conducted	No. of annual governance Audits	1	1	0	(1)
	Budgeting, Monitoring and financial reporting	Annual report and financial statements submitted	No. of reports	1	1	1	-

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KRA/Strategic objective	Activities	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
					Target (B)	Actual (C)	Variance (B-C)
		Corporate budget prepared	No. of budgets	1	1	1	-
		Quarterly financial reporting	No. of reports	4	4	4	-
	Implement Board's Strategic Plan 2023-2024	Strategic Plan implementation report	No. of reports	1	1	1	-
	Implement Board's Almanac	Board Almanac implementation report	No. of reports	4	4	4	-
	Formulate and implement three (3) year internal audit strategic plan	Internal audit strategic plan implementation reports	No. of reports	5	5	1	(4)
		A three (3) year internal audit strategic plan developed	No. of Strategic plan	1	1	1	-
	Implement internal and external audit recommendations	Internal and external Audit recommendations Implemented	% of implementation	100%	100%	75%	(25%)
	Conduct annual board of directors' self-evaluation	Board of Directors self-evaluation conducted	Performance Score	90%	90%	93%	+3%
	Implement supply chain management plan	supply chain management plan implemented	% level of implementation	100%	100%	90%	(10%)
	Conduct Corporate Risk Assessment		No. of reports	4	4	4	-

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KRA/Strategic objective	Activities	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
					Target (B)	Actual (C)	Variance (B-C)
		Corporate Risk Assessment conducted	Corporate Risk Register	1	1	1	-
			No. of sensitizations	4	4	3	(1)
			% level of risk plan implemented	100%	100%	100%	-
			% of implementation of risk action plan	100%	100%	100%	-
	Implement integrated corporate communication strategy	Integrated corporate communication strategy implemented	Brand perception index	80%	80%	80%	-
	Undertake Corporate Social Investment Activities	Corporate Social Investment Undertaken	No. of CSI activities	2	2	2	-
	Implement signed MOUs with partners	MOUs Implementation Report	No. of report	1	1	0	(1)

8. Corporate Governance Statement

As at the end of the year on 30th June 2025, the Board was fully constituted pursuant to Sections 192 to 195 of the Public Finance Management Act, 2012.

8.1 Composition of the Board

The Board consists of representatives from nine institutions who serve on a part-time basis. These institutions are: The National Treasury, Office of the Controller of Budget, Intergovernmental Budget and Economic Council, the Auditor General, Institute of Certified Public Accountants of Kenya, the Association of Professional Societies of East Africa, Capital Markets Authority, Institute of Internal Auditors, and the Institute of Certified Secretaries of Kenya.

8.2 Appointment to the Board

The appointment of members to the Board commences with nominations by institutions specified under Section 193 of the Public Finance Management (PFM) Act. The nominees undergo a vetting process to confirm their suitability and competence to discharge the responsibilities of the office. Upon successful vetting, the Cabinet Secretary for the National Treasury formally appoints and gazettes the members. The Cabinet Secretary appoints the Chairperson of the Board from among the gazetted members. The current Board was constituted during the 2021/2022 financial year. A portion of the Board's membership completed their terms on 31st March 2025, and their positions were subsequently filled by newly appointed members on 9th May 2025, with the effective date of the appointments being 1st April 2025.

8.3 Board Diversity

The Board comprises members with expertise in accounting, auditing, corporate governance, public financial management, financial analysis, investment, and management. In line with its mandate to prescribe accounting and internal audit standards for all state organs and public entities, the Board is required to maintain a strong technical capacity in accountancy and/or audit. The composition of the Board reflects diversity in terms of professional background, ethnicity, and regional representation, aligning broadly with the national values of inclusivity. While efforts have been made to enhance gender representation, the current membership falls slightly short of the two-thirds gender principle, an area that continues to be a priority for future appointments.

8.4 Roles and Responsibilities of Directors

The roles and responsibilities of Board members are set out under Section 194 of the Public Finance Management (PFM) Act, 2012. These responsibilities are further articulated in the Board's five-year Strategic Plan, Annual Work Plans, and the Board Charter. Upon appointment, new members are issued with key documents to support their understanding of the Board's mandate and expectations. Additionally, induction training is conducted to facilitate effective onboarding. The Public Sector Accounting Standards Board operates through a committee structure, with each committee guided by defined Terms of Reference.



PSASB Board of Directors during an induction programme in Naivasha on 18th June 2025. The programme sought to familiarize new members with PSASB's mandate, strategic objectives, key policies, and ongoing initiatives.

i. Governance and Strategy Committee

The Governance and Strategy Committee of the Board is responsible for the Board's achievement of its strategic objectives and ensures that annual work plans are implemented. The Terms of Reference for the Governance and Strategy Committee shall include, but not limited to:

- a. Promote good governance practices in the operations of the Board and Secretariat.
- b. Advise the Board on strategy matters.
- c. Enhance the corporate image of the Board.
- d. Oversee the development and monitoring of Enterprise Risk Management (ERM) for PSASB.
- e. Enhance the capacity of the Board.
- f. Overseeing the operations of the Secretariat.
- g. Carry out the nominating and remuneration functions.
- h. Spearhead Board induction, evaluation, and governance audits.
- i. Ensure the Secretariat is compliant in all matters.
- j. Ensure PSASB's compliance with all applicable laws and regulations.
- k. Oversee the management of the Financial Reporting Excellence Award and
- l. Any other functions that the Board may delegate.

ii. Accounting Standards Committee

The Terms of Reference for the Accounting Standards Committee shall include but not limited to:

- a. Oversee the development, adoption, and implementation of standards and guidance.
- b. Oversee preparation of technical guides/financial recording tools for implementing financial reporting standards.
- c. Oversee research and provide thought leadership on financial reporting.
- d. Monitor education and awareness programs with stakeholders through public participation.
- e. Monitor adherence to the standards.
- f. Oversee consultative meetings with constituents from the Government Owned Enterprises, as well as national and county governments.
- g. Any other functions that the Board may delegate.

iii. Internal Audit Standards Committee

The Terms of Reference for the Internal Audit Standards Committee shall include but not limited to:

- a. Oversee the development and promotion of implementation of internal audit standards and internal auditing procedures for use in the public sector.
- b. Oversee the development of due processes and guidelines for enforcing internal audit standards.
- c. Review and assess the adequacy of management research and recommend best practice frameworks and standards for internal audits in the public sector.
- d. Review technical guides/templates for implementing internal audit standards and risk management in public sector entities (Government Owned Enterprises; National Government; County Governments etc.).
- e. Promote best practice guidance for audit Committees.
- f. Monitor adherence to Internal Audit Standards, guidelines and procedures.
- g. Monitor education programs on internal audit standards issued.
- h. Oversee consultative meetings with constituents in the Public Sector on Internal Audit standards; and
- i. Any other functions that the Board may delegate.

iv. Audit and Risk Assurance Committee

The Terms of Reference for the Audit and Risk Assurance Committee shall include but not limited to:

- a. Evaluating whether processes are in place to address key roles and responsibilities in relation to PSASB risk management.
- b. Evaluating the adequacy of PSASB's control environment to provide reasonable assurance that the internal control systems are of a high standard and functioning as intended.

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- c. Performing an independent review of PSASB's financial statements to ensure the integrity and transparency of the financial reporting process.
- d. Monitoring the effectiveness of PSASB's performance information and compliance with the performance management framework and performance reporting requirements.
- e. Evaluating the quality of PSASB's internal audit function, particularly in planning, monitoring, and reporting.
- f. Engaging with external audits and assessing the adequacy of management response to issues identified by the audit.
- g. Review the effectiveness of PSASB in monitoring compliance with relevant legislative and regulatory requirements and promoting a culture committed to lawful and ethical behavior.
- h. Any other functions that the Board may delegate.

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8.5 Board Transactions/Attendance in the Financial Year

(i) Full Board meeting and Special Meetings for the Year ended 30th June 2025

The annual attendance register shows that the Board held **seven (7)** meetings during the year, summarised below.

Full Board and Special Meetings Summary FY 2024/2025						
No	Name	Q1	Q2	Q3	Q4	Total
1	FCPA Plus Nduatih, OGW	1	1	3	2	7/7
2	FCPA Stephen Masha, EBS	-	1	3	2	6/7
3	FCPA Prof. Nicholas Letting*	-	1	3	-	4/5
4	CPA Risper Olick	-	1	3	2	6/7
5	FCS CPA Rosemary Njogu**	-	-	-	-	0/5
6	CPA CS John Githinji Njoka***	-	1	3	2	6/6
7	FCPA Edwin Njamura	1	1	2	2	6/7
8	FCPA Mary Kimanzi*	1	1	3	-	5/5
9	FCPA Silvester Kiini*	1	1	3	-	5/5
10	CPA Leonard Okoth	-	1	3	2	6/7
11	CPA Damaris Mumo Kavoi****	-	-	-	2	2/2
12	FCPA CS FA Kipkoach Andrew Tanui****	-	-	-	2	2/2
13	FCPA Edwin Kamar****	-	-	-	2	2/2
14	CPA Georgina Muchai	1	-	1	2	6/7

*Members whose tenure at the Board ended on 31st March 2025

** Member whose tenure at the Board ended on 8th October 2024

*** Member was appointed to the Board on 12th September 2024

**** Member was appointed to the Board on 1st April 2025

(ii) **Board Committee Meetings for the year ended 30th June 2025**

During the year, the committees attended meetings as shown below.

d. Governance and Strategy Committee

The Governance and Strategy Committee held **six (6)** meetings during the year as summarized below.

Board Committee Attendance Summary FY 2024-2025						
No	Name	Governance & Strategy Committee				Total
		Q1	Q2	Q3	Q4	
1	FCS CPA Rosemary Njogu*	1	-	-	-	1/1
2	FCPA Edwin Njamura	1	1	4	-	6/6
3	FCPA Mary Kimanzi**	1	1	4	-	6/6
4	FCPA Prof. Nicholas Letting***	-	1	4	-	5/5
5	FCPA Stephen Masha, EBS***	-	1	4	-	5/5
6	CPA Georgina Muchai	1	1	3	-	5/6
* Member of the committee exited with effect from 8 th October 2024						
** Member exited the board with effect from 31 st March 2024						
*** Members became members of the committee with effect from 1 st August 2024.						

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The Accounting Standards Committee held four (4) meetings during the year, as summarized below.

C. Internal Audit Standards Committee

The Internal Audit Standards Committee held four (4) meetings during the year, as summarized below.

Board Committee Attendance Summary FY 2024-2025						
No	Name	Q1	Q2	Q3	Q4	Total
Internal Audit Standards Committee						
1	CPA Leonard Okoth	1	1	2	-	4/4
2	CPA CS John Njoka*	-	1	2	-	3/3
3	FCPA Silvester Kiini**	1	1	2	-	4/4
4	FCPA Mary Kimanzi***	-	1	2	-	3/3
5	FCS CPA Rosemary Njogu****	1	-	-	-	1/4
6	FCPA Prof. Nicholas Letting, EBS, HSC*****	1	-	-	-	1/1
7	CPA Georgina Muchai	1	1	2	-	4/4
* Member of the committee with effect from 13th September 2024						

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*** Member ceased to be a committee member effective 1st August 2024 ***

The Audit and Risk Assurance Committee held four (3) meetings during the year, as summarized below.

Board Committee Attendance Summary FY 2024-2025						
No	Name	Audit & Risk Assurance Committee				Total
		Q1	Q2	Q3	Q4	
1	FCCA Stephen Masha, EBS*	1	-	-	-	1/5
2	FCCA Prof. Nicholas Letting, EBS, HSC**	1	-	-	-	1/5
3	FCCA Risper Olick	1	-	3	-	5/5
4	FCCA John Njoka***	-	-	3	-	4/4
5	FCCA Leonard Okoth	1	-	3	-	5/5
6	FCCA Georgina Muchai	1	-	2	-	4/5
* Member ceased to be a member of the committee with effect from 1 st August 2024						
**Member of the committee exited the Board with effect from 31 st March 2025						
*** Member of the committee with effect from 13 th September 2024						

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Further analysis of attendance of the Board meetings was as indicated in the table below:

BOARD MEETINGS/ATTENDANCE ANALYSIS FOR THE YEAR ENDED 30 JUNE 2024						
S/No	Committee/Full Board	Audit & Risk Assurance	Accounting Standards	Internal Audit Standards	Governance & Strategy	Full Board
1	No. of Regular Meetings	4	4	4	4	4
2	No. of Special Meetings	1	0	0	2	3
	Total Meetings held	5	4	4	6	7
S/No	Board Member					
1.	FCPA, FCS Pius Nduatih, OGW	N/A	N/A	N/A	N/A	7/7
2.	FCPA Prof Nicholas Letting	1/1	3/3	1/1	5/5	4/5
3.	FCS CPA Rosemary Njogu	N/A	N/A	1/1	1/1	0/5
4.	CPA Risper Olick	5/5	4/4	N/A	N/A	6/7
5.	CPA Leonard Okoth	5/5	N/A	4/4	N/A	6/7
6.	FCPA Edwin Njamura	N/A	4/4	N/A	6/6	6/7
7.	FCPA Mary Kimanzi	N/A	N/A	3/3	6/6	5/5
8.	FCPA Sylvester Kiini	N/A	4/4	4/4	N/A	5/5
9.	FCPA Stephen Masha, EBS	1/1	4/4	N/A	5/5	6/7
10.	CPA John Njoka	4/4	N/A	3/3	N/A	6/6
11.	FCPA Kipkoech Andrew Tanui	N/A	N/A	N/A	N/A	2/2
12.	FCPA Edwin Kamar	N/A	N/A	N/A	N/A	2/2
13.	CPA Damaris Kavoi	N/A	N/A	N/A	N/A	2/2
14.	CPA Georgina Muchai	N/A	4/4	4/4	5/6	6/7

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The term of the Board is outlined under the amended provision of PFM Act, 2012, section 193(4). Members, except ex-officio members, shall be appointed by the Cabinet Secretary National Treasury and serve for a term of not more than three (3) years, renewable once for a further term of three years.

8.6 Compliance to Laws and other Legal Requirements

PSASB as a responsible corporate citizen is alive to the tenets of the Constitution of Kenya and is fully compliant with the provisions of the PFM Act, 2012 under which the Board is established. The Board also ensures compliance to the PFM Act, 2012 by public sector entities through sensitization and training.

8.7 Board Remuneration

As per PFM Act, 2012 Section 195(2), the remuneration payable allowances to the members of the Board are determined by the Salaries and Remuneration Commission. Details of Board and committee allowances are included in these financial statements.

8.8 Conflict of Interest and Declaration of Interest

The Board members have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Board. All transactions with all parties, directors or their related parties are carried out at arm's length. Board members are obligated to disclose to the Board any real or potential conflict of interest, which may come to their attention whether direct or indirect. During every Board meeting, an agenda item exists which requires members to make a declaration of any conflict of interest they may have in the business to be discussed.

8.9 Board Charter

The Board's Charter outlines the powers and responsibilities of the Board and its members, appointment, remuneration, term of the Board members, conduct of meetings, committees' terms of reference, and conflict of interest, among other things. The Charter is premised on the Mwongozo Code and best Corporate Governance Practices. The revised Board charter was approved on 7 June 2024.

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8.10 Board trainings and development

The Board supports the members and the Secretariat in attending training and seminars relating to financial reporting and internal auditing within the public sector context to improve the technical expertise of the Board.

During the year, some of the programmes attended by the board include:

SN	TRAINING ATTENDED	TRAINING PERIOD / VENUE	TRAINING INSTITUTION
1	AAAG conference, Arusha, Tanzania	2nd - 6th December 2024 Arusha, Tanzania	AAAG
2	AWAK Conference	3rd - 7th March 2025	AWAK
3	ESG Certificate Programme Cohort 4	August - October 2024	Boardroom Africa
4	Transformational Industrial Relations and Employee Relations	30th September 4th October 2024	CHRP
5	22nd IIA annual conference	5th to 9th May 2025	IAA KENYA
6	ICIFA-ICS Workshop, 'High-Impact Leadership Training'	26th - 30th August 2024	ICIFA-ICS
7	41st ICPAK annual seminar	17th -22nd Nov 2024	ICPAK
8	Annual Public Sector Accountants Conference 2024	2 nd to 6 th September	ICPAK
9	Board Audit committee masterclass	21st -25th Oct 2024	ICPAK
10	Practical Ethics and Compliance Seminar	24th to 28th March 2025	ICPAK
11	Taxation Masterclass Edition 1 2025	17th to 21st March	ICPAK
12	The Financial Reporting Week – Advanced Course	9th to 13th September 2024	ICPAK
13	CEO's, Chairpersons and Vice Chairpersons Leadership Program.	2 nd – 6 th September 2024	ICS
14	Governance auditor's accreditation course	24th to 28th March 2025	ICS
15	IPSASB MEETING	RIYADH -9 – 13 December 2024	IPSASB
16	IFRS Certification Training	Jan to Feb 2025	OSHWAL
17	IPSAS Certification Training	Jan 2025, Nairobi	OSHWAL
18	Induction workshop for Board/ council Members	9th - 13th DEC 2024	SCAC/ICS

8.11 Board Evaluation

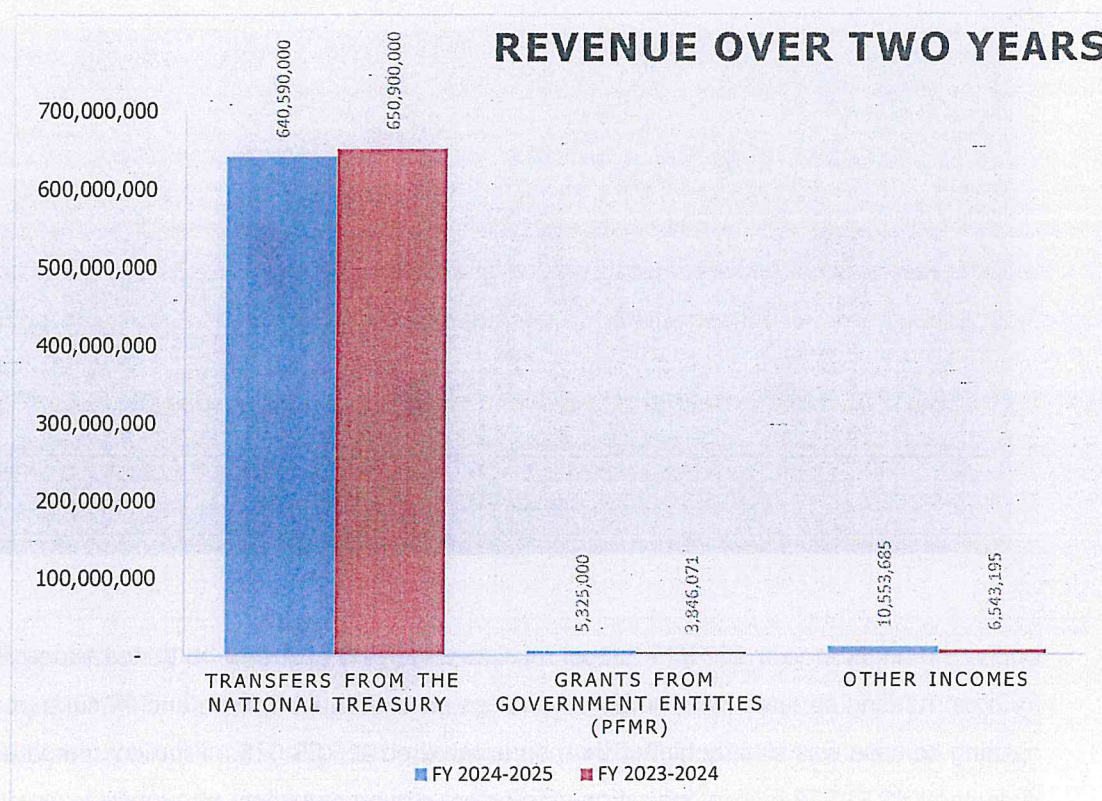
The performance of the Board and its members is evaluated regularly. In November 2024, a board evaluation was conducted under the guidance of SCAC. Each board member, the CEO, and the internal auditor were evaluated. The cumulative Board's score was **92.77%**. The board adopted these results, and a roadmap for improvement was drawn.

9. Management Discussion and Analysis

9.1 Board's Financial Performance Highlights

a) Trends in Revenue

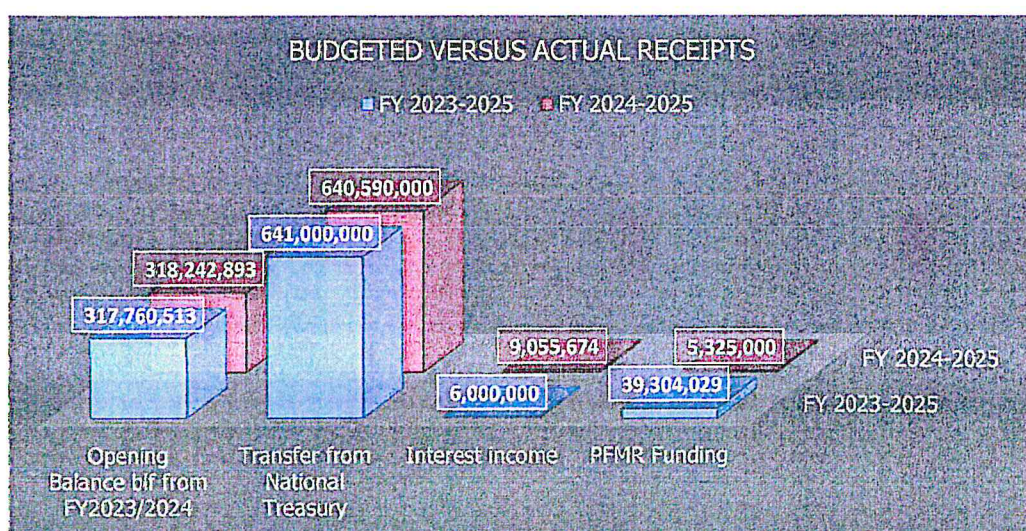
The Board draws its revenues solely from the government, being a government entity. The graph below indicates the categories of revenue that the Board received to finance its activities and operations for the last two financial years.



The overall revenue for the current financial year reflects a slight decline in exchequer funding, but notable increases in grants and other incomes partially offset this. Transfers from the National Treasury decreased from KES 650.90 million in the prior year to KES 640.59 million in the current year, representing a drop of KES 10.31 million (1.6%). Despite this reduction, exchequer funding remains the Board's primary source of revenue, accounting for over 95% of total income. In contrast, grants from government entities under the Public Finance Management Reforms (PFMR) programme increased from KES 3.85 million to KES 5.33 million (a 38.5% increase), due to improved disbursements aligned with the implementation of

planned reform activities. Similarly, other income, comprising interest earnings and miscellaneous receipts, rose sharply from KES 6.54 million to KES 10.55 million (a 61.3% increase). This growth is largely attributed to better cash flow timing and higher average balances in interest-bearing accounts during the year. The overall trend reflects a more diversified revenue profile, with reduced dependence on exchequer transfers.

b) Actual and Budgeted Revenue



During the financial year 2024/25, actual receipts largely aligned with budgeted expectations for most funding streams, with notable variances in interest income and PFMR support. The opening balance was slightly higher than anticipated at KES 318.24 million compared to the budgeted KES 317.76 million, indicating efficient closing management of prior-year resources. Transfers from the National Treasury were received at KES 640.59 million, just KES 410,000 below the KES 641 million budgeted, reflecting near-full disbursement of exchequer allocations.

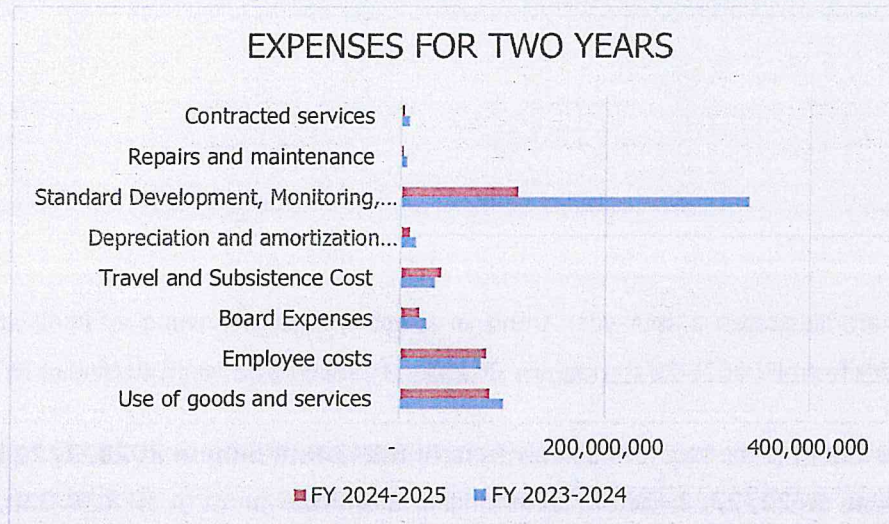
Interest income significantly outperformed projections, amounting to KES 9.06 million against a budgeted KES 6 million. This 51% overperformance is attributed to improved cash management practices and higher average cash balances in interest-bearing accounts. However, PFMR funding recorded a major shortfall, with actual receipts of KES 5.33 million compared to the anticipated KES 39.30 million. This represents a negative variance of

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approximately 87% and was due to reduced PFMR allocations during the period. Management is engaging PFMR to ensure alignment in future work planning.

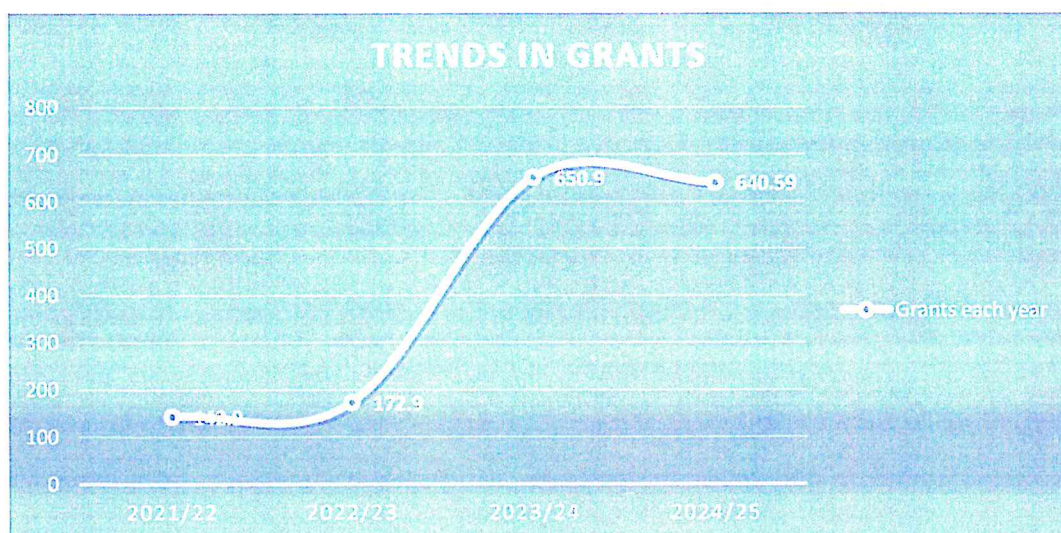
c) Actual Expenditures

The Board incurred expenses on various line items. The chart below outlines an analysis of different budget lines.



The chart above shows that total expenses for the current financial year reflect a notable shift in operational priorities, with a significant increase in costs related to standard development, monitoring, and implementation. This suggests intensified activity around rollout, adoption support, or revisions to existing financial reporting frameworks. In contrast, these costs were comparatively lower in the previous year, indicating that the current period focused more heavily on technical operations. Core administrative and support services such as employee costs, board expenses, and travel remained relatively stable, with only modest fluctuations across the two years.

d) Trends in NT transfers



The chart illustrates a four-year trend in grant receipts, showing a significant upward trajectory from FY 2021/22 through FY 2023/24, followed by a slight decline in FY 2024/25.

Transfers from exchequer rose sharply from **KES 143.9 million in 2021/22** to **KES 172.9 million in 2022/23**, before experiencing a substantial jump to **KES 650.9 million in 2023/24**. This increase aligns with enhanced support from the National Treasury and donor-funded reform programs during the IPSAS implementation scale-up phase.

However, in **2024/25**, these transfers slightly dipped to **KES 640.59 million**, representing a marginal decline of **1.6%** compared to the previous year. This moderation is attributed to internal budget rationalisation, reduced PFMR disbursements, or delayed tranches under ongoing reform partnerships.

Despite the recent dip, the current grant levels remain significantly above pre-2023 levels, underscoring the sustained confidence of funding partners in the Board's mandate delivery.

e) Surplus for the Financial Year

The surplus for the year ended June 30th, 2025, amounted to KES 40.2 million, compared to KES 300.4 million in FY2023/24. The increased activities towards transitioning to accrual accounting and prompt disbursement from the National Treasury enabled the Board's income position.

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9.2 Summary of the Board's Operational Performance

SECTION A: ACCOUNTING STANDARDS MANDATE

Section A outlines the Board's operations in relation to its mandate of setting generally accepted accounting standards for the public sector and monitoring adherence to these standards by public sector entities.

I. A Summary of Submissions in Response to IPSASB Exposure Drafts for FY 2024/25

The International Public Sector Accounting Standards Board (IPSASB) issues Consultation Papers (CPs) and Exposure Drafts (EDs) from time to time. PSASB is committed to responding to 100% of exposure drafts from IPSASB, which is one of the key result areas in the strategic planning of standard setting and research. In responding to these EDs, the Secretariat seeks views from constituents, especially entities that apply the IPSAS Accrual accounting framework. During the FY 2024/25, the Secretariat responded to all the EDs that were issued by IPSASB, as shown in the table below:

Exposure Draft/ Consultation paper	Issue date	Objective of the ED/ CP	Input by other entities	Due date	PSASB Responded/ not / scheduled	Action-
Exposure Draft (ED) 90, Amendments to IPSAS as a result of the Application of IPSAS 46	1 st August 2024	The primary objective of the ED is to propose amendments to add the current operational value measurement basis across relevant IPSAS.	PSASB, Preparer of County Financial Statement and National Treasury's- FRU	29 th November 2024	Comments were submitted on 28 th November 2024	

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Exposure Draft/ Consultation paper	Issue date	Objective of the ED/CP	Input by other entities	Due date	PSASB Responded/ not / scheduled
Exposure Draft (ED) 91, Limited Scope Updates to First-Time Adoption of IPSAS (Amendments to IPSAS 33)	14 th August 2024	The objective of this ED is to propose to clarify and restructure existing guidance, and add new non-authoritative guidance to IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) to help public sector entities adopt accrual basis IPSAS.	PSASB, Prepares of Financial Statements and National Treasury's- FRU	13 th December 2024	Comments were submitted on 10 th December 2024
Exposure Draft (ED) 92, Tangible Natural Resources	24 th October 2024	The objective of the ED is to propose guidance on the recognition, measurement, and presentation of tangible natural resources in general-purpose financial statements.	PSASB, KEMFRI, Mining Department, Water Resource Authority, Wildlife research Institute and National Treasury	28 th February, 2025	Comments were submitted on 26 th February 2025
IPSASB SRS Exposure Draft (ED) 1, Climate Related Disclosures	31 st October 2024	The objective of the ED is to provide principles for an entity to disclose information in its general-purpose financial reports about climate-related risks and opportunities to its operations and the outcomes of its climate-related public policy	PSASB, Department for Environment, Meteorological department, Cooperative	28 th February, 2025	Comments were submitted on 28 th February 2025

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Exposure Draft/ Consultation paper	Issue date	Objective of the ED/ CP	Input by other entities	Due date	PSASB Responded/ not / scheduled	Action-
		programs in a way that is useful to primary users for accountability and decision-making purposes.	University, ICPAK and National Treasury			
Exposure Draft (ED) 93, Definition of Material (Amendments to IPSAS 1, IPSAS 3 and the Conceptual Framework)	15 th May 2025	The objective of the ED is to align the definition of material between the Conceptual Framework and IPSAS Accounting Standards.	PSASB	14 th July 2025	Comments drafted yet to be submitted.	

II. New Standards Issued by IPSASB and IASB

The Board and the National Treasury issued guidance that when an IPSAS becomes effective on 1st January, it is applicable in Kenya from 1st July that year.

The Secretariat is working to conduct the following activities, given the implementation and application of the new standards.

- i. Sensitisation of the preparers of financial statements to the changes and how they will be affected.
- ii. Development of guidelines for the new standards.

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a) The new standards are as listed below:

S/no	Standard	Objective	Entities expected to be affected	Applicable date (Globally)	Applicable date (Kenya)
1.	IPSAS 43- Leases	The standard proposes a right of use model for lessees (leased assets will now come in the balance sheet under an asset called the right of use an example is rent on a leased building). The standard seeks to eliminate off balance sheet financing which the current case under operating leases. There will no longer be distinction between finance and operating leases (under the current IPSAS 13) and the standard will now be aligned to IFRS 16 that came into effect in 2018.	All public sector entities under IPSAS accrual that have leasing arrangements	1 st January 2025	1 st July 2025
2.	IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	Objective is to standardize accounting for assets that meet the criteria to be classified as held for sale and have them to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease. The assets will 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.	All public sector entities under IPSAS accrual holding assets for sale	1 st January 2025	1 st July 2025
3.	IPSAS 45- Property Plant and Equipment	The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for	All public sector entities under IPSAS	1 st January 2025	1 st July 2025

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S/no	Standard	Objective	Entities expected to be affected	Applicable date (Globally)	Applicable date (Kenya)
		heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of Property, Plant and Equipment (PPE) shall be recognized 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.	accrual holding Property Plant & Equipment.		
4.	IPSAS 46 Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. 	All public sector entities on IPSAS accrual basis of accounting	1 st January 2025	1 st July 2025

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S/no	Standard	Objective	Entities expected to be affected	Applicable date (Globally)	Applicable date (Kenya)
		<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.</p>			
5.	IPSAS 47- Revenue	<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>	All public sector entities on IPSAS accrual basis of accounting	1 st January 2026	1 st July 2026
6.	IPSAS 48- Transfer Expenses	<p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer</p>	All public sector entities on IPSAS accrual basis of accounting that are resource	1 st January 2026	1 st July 2026

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S/no	Standard	Objective	Entities expected to be affected	Applicable date (Globally)	Applicable date (Kenya)
		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.	providers and resource recipients.		
7.	IPSAS 49- Retirement Benefit Plans	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.	Public sector entities on IPSAS accrual basis of accounting that manage Retirement Benefit Plans	1 st January 2026	1 st July 2026
8.	IPSAS 50- Exploration For & Evaluation of Mineral Resources	The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. 	Public sector entities on IPSAS accrual basis of accounting that undertake exploration and evaluation of mineral resources.	1 st January 2027	1 st July 2027

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S/no	Standard	Objective	Entities expected to be affected	Applicable date (Globally)	Applicable date (Kenya)
		iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.			
9.	IFRS 18- Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	All Commercial Public sector entities	On or after January 1, 2027.	On or after July 1, 2027
10.	IFRS 19- Subsidiaries without Public Accountability	The objective of IFRS 19 is to permit some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19.	Entities which are subsidiaries without public accountability.	On or after January 1, 2027.	On or after July 1, 2027

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b) The guidelines developed and issued for the new standards are:

1. IPSAS 43- Leases
2. IPSAS 44- Assets Held for Sale and Discontinued Operations
3. IPSAS 45- Property, Plant and Equipment
4. IPSAS 46- Measurement
5. IPSAS 47- Revenue

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III. FiRe Award 2024

The Financial Reporting (FiRe) Excellence Award recognizes the most compliant financial reporting entities, thereby institutionalizing sound financial reporting culture. The Award provides the participating entities with an avenue for subjecting their respective financial reports to an objective assessment with an expected outcome to identify financial reporting gaps. As entities comply with the relevant standards, the relevant disclosures provided enhance information content of the reports thus yielding an understanding of financial reports, resulting in increasing levels of transparency and accountability. The Award was founded in 2002. Currently, it has five (5) promoters, namely the Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Market Authority (CMA), Kenya, the Nairobi Securities Exchange (NSE), the Public Sector Accounting Standards Board of Kenya (PSASB and the Retirement Benefits Authority (RBA). PSASB joined the award as a promoter in 2015.

Participating Entities

Category:	2024	2023
MDAs	54	41
SAGAs reporting under IPSAS Accrual	165	149
State Corporations and SAGAs reporting under IFRS	50	56
Commissions and Independent offices	7	7
County Assemblies and Executives	91	90
National Government-Constituency Development Funds	286	238
Funds	-	8
Receivers of Revenue Statements	-	4
Projects	-	6
County Corporations	-	5
Municipalities and Cities	18	-
Car and Mortgage	-	-
Universities	38	31
Water Companies	50	85
TVETs	14	121
Public Hospitals	200	-
Political Parties	47	-
Total	1,020	841

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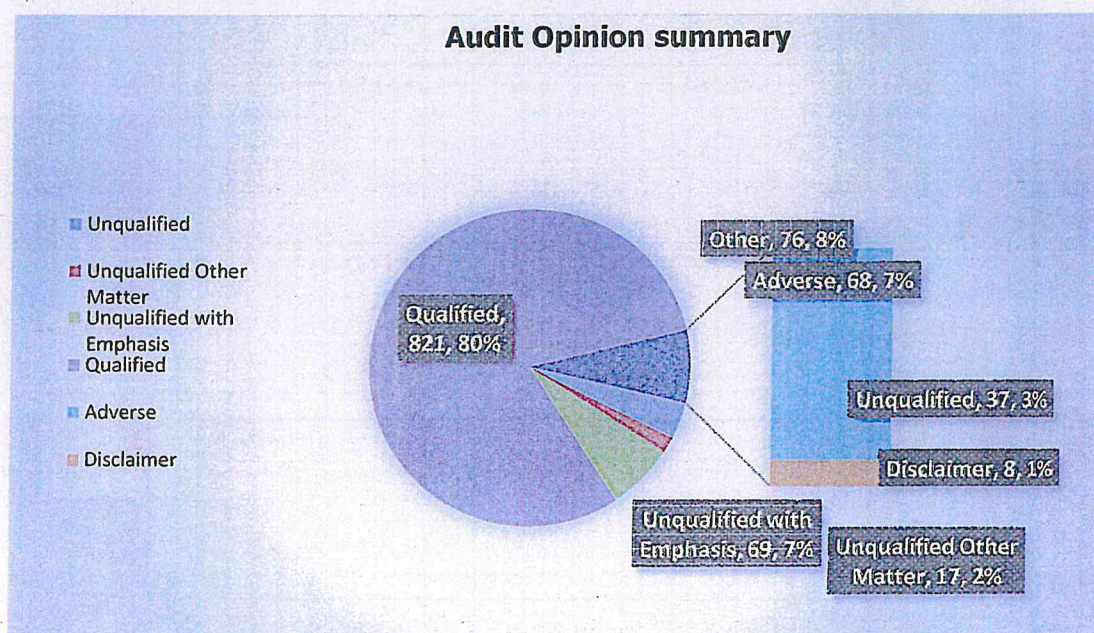
i. Public Sector Entries and Private Sector Entries

The table below indicates that the number of entries in both the public and private sectors has significantly increased over the last five years.

Year	Public Entities	Private Entities
2019	505	97
2020	244	50
2021	289	60
2022	793	100
2023	841	150
2024	1,020	112

ii. Audit opinion of the participating entries in the public sector.

The majority of the entries had a qualified opinion from the office of the Auditor General.



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iii. Overview of Audit Opinions of Participating Entities

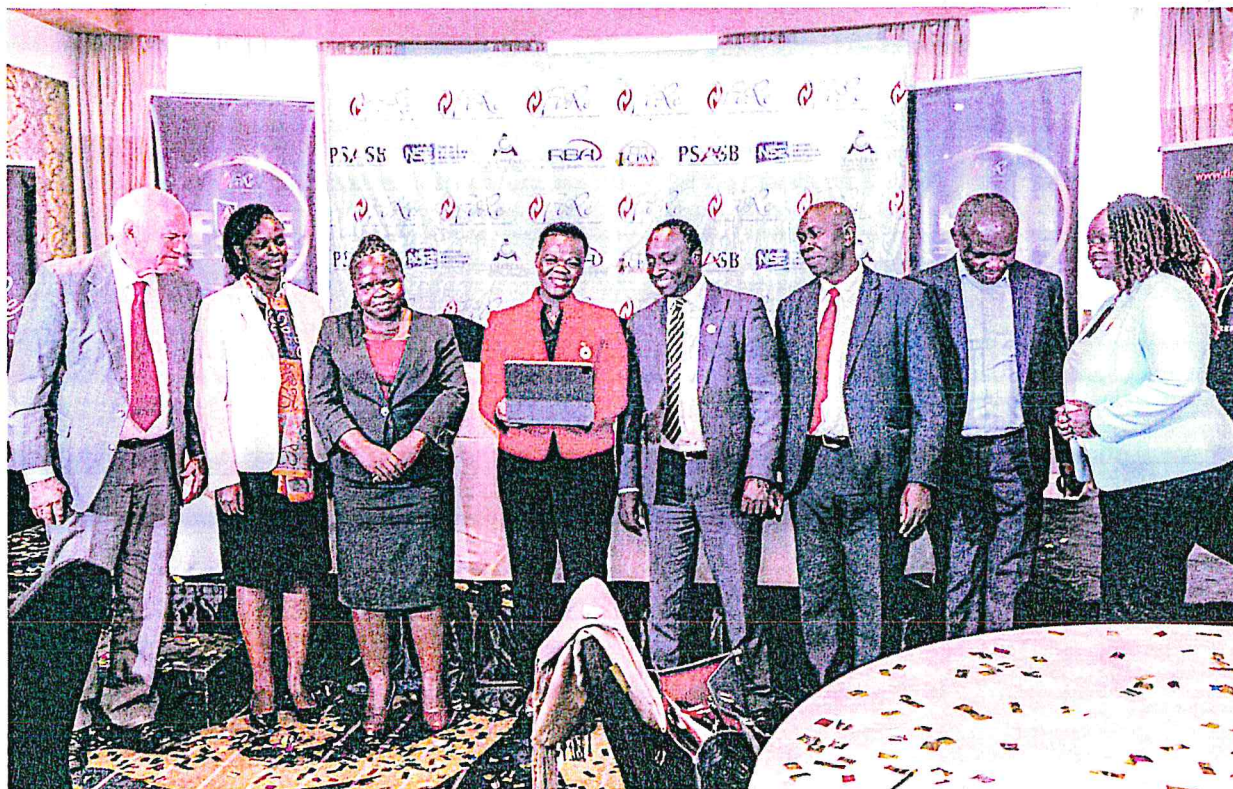
Category	Unqualified opinion	Unqualified Other Matter	Unqualified with Emphasis	Qualified	Adverse	Disclaimer	Total entries
Commissions and Independent offices	4	-	3	-	-	-	7
County Assemblies and Executives	-	1	2	79	9	-	91
MDAs	3	5	18	28	-	-	54
Municipalities	-	-	1	10	7	-	18
NGCDFs	-	-	-	280	6	-	286
Political Parties	-	1	7	29	6	4	47
Public Hospitals	-	-	-	181	18	1	200
Public Universities	2	1	5	27	3	-	38
State Corporations Reporting Under IFRS	4	2	10	33	4	-	53
SAGAs Reporting Under IPSAS Accrual	21	7	23	100	10	1	162
TVETs	1	-	-	11	1	1	14
Water Companies	2	-	-	43	4	1	50
TOTAL	37	17	69	821	68	8	1,020

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iv. 2024 FiRe Award Winners- Public Sector

Category	Ranking
Public Universities	
Turkana University College	Winner
Rongo University	1st Runner up
Kibabii University	2nd Runner Up
Regulatory Entities Reporting Under IPSAS Accrual	
The Tea Board of Kenya	Winner
Kenya Dairy Board	1st Runner up
Insurance Regulatory Authority	2nd Runner up
Commissions and Independent Offices Under IPSAS Cash	
Kenya National Commission on Human Rights	Winner
Judicial Service Commission	1 st Runner up
Independent Policing Oversight Authority	2nd Runner up
State Corporations and SAGAs Reporting Under IPSAS Accrual	
Kenya Tourism Board	Winner
Kenya National Commission For UNESCO	1st Runner up
National Cohesion and Integration Commission	2nd Runner Up
State Corporations and SAGAs Reporting Under IFRS	
Kenya Generating Company PLC	Winner
Central Bank of Kenya	1 st Runner up
Mwea Rice Mills Limited	2nd Runner Up
MDAs Reporting Under IPSAS Cash	
Ministry Of Defence	Winner
State Department for Shipping and Maritime	1 st Runner up
National Intelligence Service	2nd Runner Up
County Assemblies and Executives	
County Assembly of Bungoma	Winner
County Assembly of Marsabit	1 st Runner up
County Assembly of Trans Nzoia	2nd Runner up
Commissions and Independent Offices Under IPSAS Accrual	
Witness Protection Agency	Winner
Salaries And Remuneration Commission	1 st Runner up
Commission On Revenue Allocation	2nd Runner Up



The FiRe Award Exco members and Chief Judges during the FiRe Award 2024 Edition launch at Villa Rosa Kempinski Hotel, Nairobi, on 27th August 2024.

v. Areas of Non-compliance

1. Accounting Standards

a) Structure

It was noted that some entities failed to cross-reference the primary financial statements to the notes. Some entities failed to present these notes to the financial statements in a sequential manner as provided for by IPSAS 1 and IAS 1 on presentation of financial statements. In some instances, the notes were not in agreement with the primary financial statements or had not been broken further into various components to allow the user of financial statements to gain a deeper understanding of the financial statements.

b) Risk disclosure

Failure to disclose Credit risk, Liquidity risk, Market risk, or any other relevant risk, the methods and assumptions used in preparing the risk analysis, and changes from the previous period in the methods and assumptions used. In cases where the disclosures were made, they were found inadequate. IFRS 7 and IPSAS 30 Financial Instruments: Disclosures require entities to provide qualitative and quantitative disclosures on various risks of financial instruments.

c) IPSAS and IFRS have been issued but are not yet effective.

This relates to disclosures on whether an entity has applied a new IPSAS/ IFRS that has been issued but is not yet effective. Some entities did not disclose this fact, and the known or reasonably estimable information relevant to assessing the possible impact that application of the new IPSAS will have on the entity's financial statements in the initial application period.

d) Early application of IPSASs and IFRSs

For the standards issued but not yet effective as at the date of the financial report, some entities failed to state whether they had elected to adopt the issued standards early. They also failed to state the implications estimated by management in the future when the standards become applicable.

e) Disclosure of Accounting Policies

Accounting policies are key to understanding the primary financial statements and how an entity measures, recognizes, and presents various accounting transactions and balances. In some cases, it was noted that the accounting policies disclosed were inadequate, and in some other instances, policies included in the financial statements were not customized to explain transactions and balances relating to the organisation. For instance, in some entities, there were accounting policies on biological assets, yet the financial position statement did not present such an asset.

f) Comparison of Budget & Actual

Although all entities presented information on budgeted versus actual amounts as required by IPSAS 24 and the IPSAS Cash-based Standard, gaps were noted concerning the following:

- Explaining material variances between actual and budgeted amounts
- Provision of explanation of material variances between the original and the final budget, whether due to e- allocation or other factors.
- Preparation of a reconciling statement where the basis, classification, and timing of preparing the budget is different from the underlying financial statements.

g) Authorization date

Few entities failed to disclose on the date when the financial statements were authorized for issue. In some instances, some of the financial statements were dated but not signed.

h) Going concern

It was noted that some entities failed to assess their going concern for the next 12 months, especially those with indicative factors such as a deficit and technical insolvency. Management is expected to disclose the actions being taken where there are indicators that the assumption of going concern may not be the case as of the reporting period.

i) Biological assets disclosures

Some public sector entities have biological assets. This includes living animals and plants as guided by IPSAS 27 and IAS 41 -Agriculture. Entities are supposed to include specific disclosures about:

- The description of biological assets that distinguishes between consumable and bearer biological assets.
- The nature of its activities involving each group of biological assets
- The non-financial measures or estimates of the physical quantities of each group of biological assets at the end of the period.
- The output of agricultural produce during the period
- The methods and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest, as well as each group of biological assets

j) Borrowing cost disclosures

Borrowing costs are costs such as interest incurred by an entity in connection with borrowing of funds. Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset should be included in the asset's cost in line with IAS 23. IPSAS 5 on borrowing costs provides for expensing all of them at the point when they are incurred. However, entities have an alternative to capitalize them where they are directly attributable to a qualifying asset. On borrowing costs, some entities failed to make the following disclosures: The accounting policy adopted for borrowing costs, especially for entities reporting under IPSAS accrual; the borrowing costs capitalized during the period; and the capitalization rate used to calculate capitalized borrowing costs.

k) Disclosures on the provision

Provisions are liabilities with uncertain timing and amount. These may include warranties and guarantees, among others. IPSAS 19 and IAS 37 require disclosures on the timing and nature of provisions included as liabilities in their financial statements. Some entities also failed to disclose information on significant judgments and estimates made on these provisions.

l) Related party disclosures

IPSAS 20, IAS 24, and the IPSAS cash Standard (Encouraged Disclosures Section) guide related parties. This includes the definition and disclosure of transactions and balances with related parties. Entities are progressively providing information on related parties. However, this information is incomplete. A close look at entities' financial statements indicated that in some instances, entities are not disclosing all the related party balances and transactions.

m) Prior period errors

It was noted that most entities reporting under the cash accounting environment failed to disclose the following information concerning errors:

- The nature and amount of the prior period error.
- The extent of correction for each financial period presented.
- The amount of correction at the beginning of the earliest period
- A description of when and how the error has been corrected.

n) Cash flow statement

The following gaps were noted with respect to the Statement of Cash Flows:

- Failure of the figure of cash and cash equivalents to tie to the cash and bank balances in the statement of financial position or the statement of assets and liabilities. Where the cash and cash equivalents figure is different from the bank balances owing to the inclusion of short-term investments as cash equivalents, a reconciliation in the notes to the financial statements should be presented. Some entities did not provide such a reconciliation.
- Presentation of the indirect and direct cash flow methods within the same cash flow statement. The Public Sector Accounting Standards Board prescribes the direct method of cash flow.

2. Legal and regulatory issues

a) Public Finance Management Act 2012

The PFM Act 2012 applies to all public sector entities and seeks to ensure the effective management of public finances by national, county, and state governments and corporations. The main non-compliance issues with regard to this act included failing to include the name and signature of the accounting officer who signed the annual report and audited financial statements.

b) Pending bills

The financial reporting templates issued by the PSASB, require entities to disclose information relating to pending bills. While all entities were noted to include a list of pending bills in the notes to the financial statements and the appendices, most entities did not provide an ageing summary. An ageing summary provides more relevant information in relation to when such liabilities were contracted and can help management and other users of financial statements to seek further understanding on why they are long outstanding.

c) Statement of Entity's performance against predetermined objectives

Only a few entities were able to link their strategic objectives to their annual performance through annual work plans and annual development plans.

3. Annual Report

a) Environmental Sustainability Reporting

Environmental and Sustainability Reporting enables an organisation to disclose its relationship with its environment, stakeholders, and the community within which it operates. Such disclosures aid the users of the financial statements in understanding the organisation's sustainability policy and strategy to ensure that it continues to offer services into the future. The majority of public sector entities did not make adequate disclosures in this area on the importance of sustainability and how it is integrated within their core activities.

b) Governance Reporting

The number of entities dedicating a page(s) to report on governance related matters is increasing. This is an encouraging development since it does not only enhance the degree of information disclosed in the report but also sends signal on the importance attached to this aspect.

c) Key Management Personnel

Disclosures on the aggregate remuneration of key management personnel, showing separately major classes of key management personnel and including a description of each class is still minimal

d) Management discussion and analysis

There are still gaps in the presentation of information on management discussion and analysis. Most entities do not provide trend analysis (3-5 years), and in some cases, the information reported in this section is not harmonized with the financial statements.

e) Presentation of financial statements

Lack of creativity in the presentation of financial statements. Although some public sector entities are making an effort to publish their financial statements, there is still a lot of room for improvement to make the reports submitted for evaluation attractive even to the users and other readers of those financial statements.

4. FiRe Award Sectorial Evaluation

During the year under review. The Board also conducted FiRe award sectorial evaluation with the support from the National Treasury's Financial Reporting Unit. The entries received were categorized according to sectors, and significant non-compliance areas were identified, analyzed, and published on PSASB' website. The categorization was as per the following eleven sectors.

No.	Sector
1.	Cities and Municipalities Sector
2.	Commissions on Accrual Sector
3.	County Executives and Assemblies Sector
4.	Ministries Department and Agencies (MDAs) Sector
5.	NG-CDFs Sector
6.	Political Parties Sector
7.	Public Hospitals Sector
8.	Public Universities Sector
9.	State Corporation and Regulatory Agencies Sector
10.	State Corporation Reporting under IFRS Sector
11.	Water Companies Sector

SECTION B: INTERNAL AUDIT STANDARDS MANDATE

In prescribing internal audit standards, risk management, guidelines and frameworks during the period, the board undertook the following programs;

i. Development/ Review of Frameworks and Guidelines

The Board collaborated with key stakeholders to realize the mandate of PSASB through developing and reviewing internal audit and risk management frameworks and guidelines that aim at;

- a) Enhancing uniform internal audit practice and reporting across public sector for ease of comparability
- b) Elevating governance through value addition by audit committees and internal audit functions. Equip professionals in Internal Audit Governance to respond effectively to shifting environment, assurance, and risk landscapes.
- c) Mainstreaming best practices for good governance, risk management and internal controls across public sector.

The table below provides a summary of the key frameworks and guidelines developed or reviewed in the financial year and their respective objectives.

S/No.	Framework / Guideline	Objective of framework /guideline
1.	Development of Transition to 2024 International Professional Practices Framework Guideline	To enhance public sector entities' ability to undertake a gap assessment for the 2024 GIAS standards and develop action points for conformance.
2.	Development of a Collaboration Framework between OAG and internal auditors	The framework that enables co-ordination and reliance between OAG and internal auditors to optimize the benefits of audit to public sector entities, whilst enabling internal and external audit to deliver their respective responsibilities.

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S/No.	Framework / Guideline	Objective of framework /guideline
3.	Development of Risk Management reporting Templates	To enable public sector entities develop and implement customized risk management policies as per the Public Sector Risk Management Guidelines
4.	Development of Model Internal Audit Manual and reporting templates	Provided internal auditors with practical professional guidance for managing the Internal Audit unit, steps for planning, executing, and reporting on Internal Audit work hence conforming with IPPF Standards.
5.	Development of Public Sector Internal Control Guidelines	To enable public sector entities assess internal controls for effectiveness, efficiency and as an enabler to achieving objectives and goals.
6.	Review of National and County Government Audit Committee Guidelines	To enhance the governing of the Internal audit functions across public sector
7.	Review of Head of Internal Audit performance assessment tool and guidelines	To standardize and enhance objectivity of the Head of Internal Audit performance appraisal process across public sector
8.	Development of Public Sector Internal Audit Quality Assurance Improvement Program Guidelines	To enable Heads of Internal Audit, establish Quality Assurance Improvement Programs that facilitates an evaluation of the internal audit function's conformance with the Standards, whether internal auditors apply the Code of Ethics and assess the efficiency and effectiveness of the internal audit functions to identify opportunities for improvement.

ii. Roll-out of the Global Internal Audit Standards, PSASB Frameworks and Guidelines

a) Stakeholder Sensitizations



Audit Committee Members, Senior Management, and Heads of Internal Audit in Naivasha on 16th April 2025, during a sensitization forum on the new Global Audit Standards.

The Board collaborated with key stakeholders in undertaking sensitizations targeting;

- i) Governing Bodies, Audit Committee Members, Senior Management, and Heads of Internal Audit
- ii) Internal Auditors and Risk Management officers.

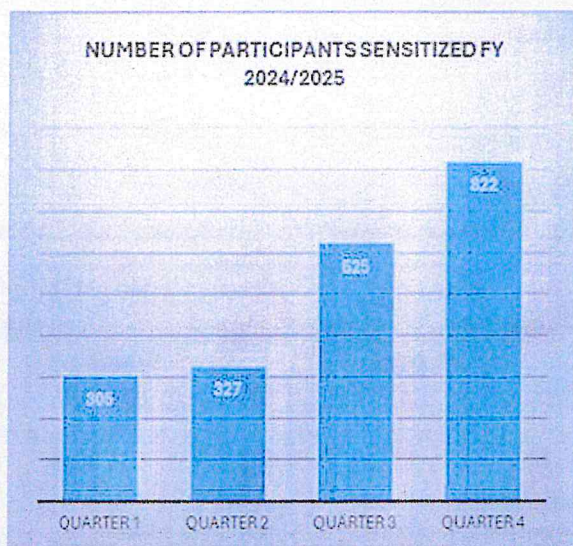
The sensitizations focused on creating awareness on the 2024 International Professional Practices Framework (Global Internal Audit Standards), and rolling out Public Sector Risk Management Guidelines, Audit Committee Guidelines, and PSASB-related frameworks and templates. The sensitizations were undertaken on a quarterly basis as follows;

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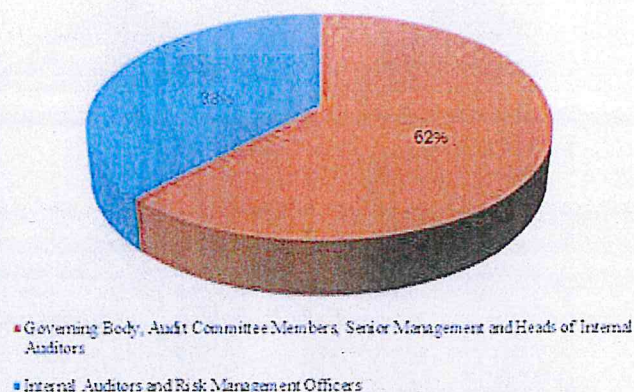
S/No.	Sensitization	Target Group	Dates Undertaken
1.	Governing Bodies, State Corporations, Audit Committee Independent Offices and Members, Senior Commissions, County Management and Executives and County Heads of Internal Assemblies Auditors		9 th to 13 th September 2024 57 Institutions 18 th to 22 nd November 2024 65 County Government Entities 14 th to 17 th April 2025 56 Institutions 3 rd to 7 th February 2025 60 Institutions
2.	Internal Auditors and Risk Management Officers	State Corporations, Independent Offices and Commissions, County Executives and County Assemblies	23 rd to 27 th September 2024 51 Institutions 9 th to 13 th December 2024 10 Institutions 17 th to 21 st February 2025 65 Institutions 28 th April to 2 nd May 2025 67 Institutions
3.	Governing Bodies, Audit Committee and Agencies Members, Senior Management and Heads of Internal Auditors	Ministries, Departments and Agencies	12 th May to 16 th May 2025 74 Institutions

The diagrams below provide statistics on the sensitizations undertaken in the financial year under review

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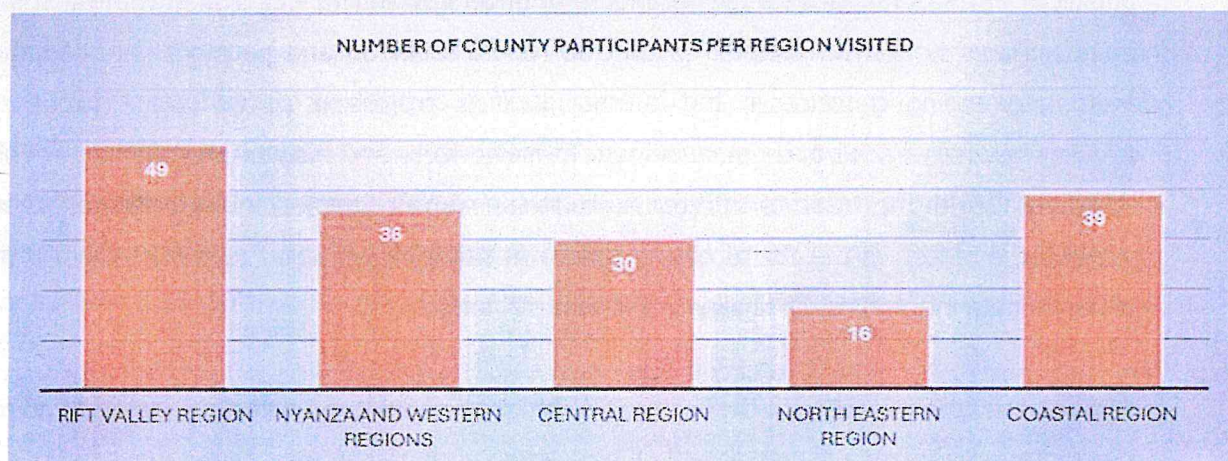


PERCENTAGE OF PARTICIPANTS SENSITIZED PER CATEGORY TARGETED



b) Regional County Visits

The directorate conducted quarterly regional county visits. The outcome of the consultative engagements underscored insights and necessary interventions to be explored in addressing governance and operational gaps facing the internal auditors across Counties, in fulfilling the mandate of internal auditors of providing governing bodies and management with independent, risk-based, and objective assurance, advice, insight, and foresight. The directorate disseminated copies of the 2024 Global Internal Audit Standards and rolled out the Public Sector Risk Management Guidelines, Audit Committee Guidelines and PSASB-related frameworks and templates. The diagrams below show the regional county visits undertaken in the financial year under review.





The PSASB Internal Audit Standards team, with officials from the North Eastern region, during the Regional County Compliance Monitoring Visit held at Aberdare Cottages, Nanyuki, from 25th to 29th November 2024.

iii. Collaborations with Key Institutions in elevating governance, risk management, and internal control processes

a) Research and the 2025 Internal Audit and Risk Awards

In pursuit of PSASB's mandate, a memorandum of understanding was signed with the Institute of Internal Auditors Kenyan Chapter to provide for coordination and partnerships opportunities in addressing emerging concerns in the internal audit profession across public sector including developing internal audit and risk management frameworks and monitoring compliance. The Board collaborated with the Institute of Internal Auditors (Kenyan Chapter) in undertaking research and publishing a report on the **State of the Internal Audit**, a key industry publication that provides valuable insights into trends, challenges, and best practices.

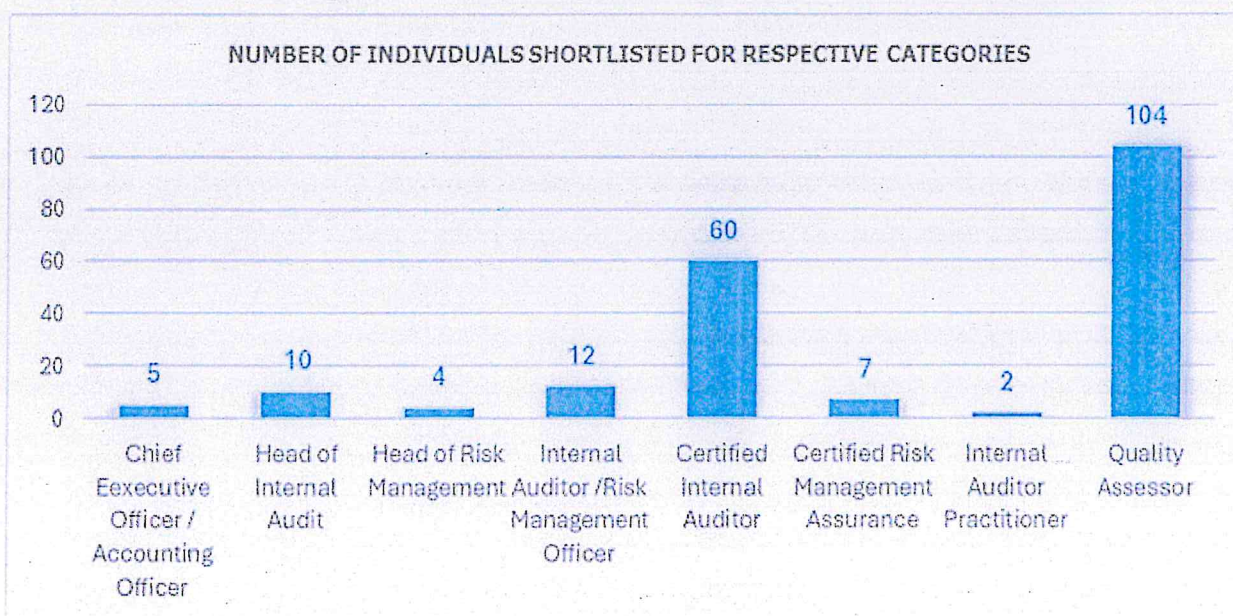
The Board also collaborated with the Institute of Internal Auditors (Kenyan Chapter) in undertaking the 2nd internal audit and risk awards that was crowned during Awards Gala Dinner held on 11th April 2025. The awards sought to;

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- a) Assess the status of appreciation and implementation of internal audit standards
- b) Recognize excellence and professionalism in internal audit and risk management by awarding internal audit/risk management functions and individuals.
- c) Form a basis for providing technical support on areas of non-conformance through reporting to entities that participated and undertake follow-ups from the assessments.
- d) Motivate internal auditors and risk management practitioners towards continual improvement.

The awards attracted registration from 269 participants: 153 (57%) public institutions, 99 (37%) private institutions, and 17 (6%) non-profit organizations. Based on the evaluation criteria, 70 applications qualified for shortlisting, as represented in the diagrams below.

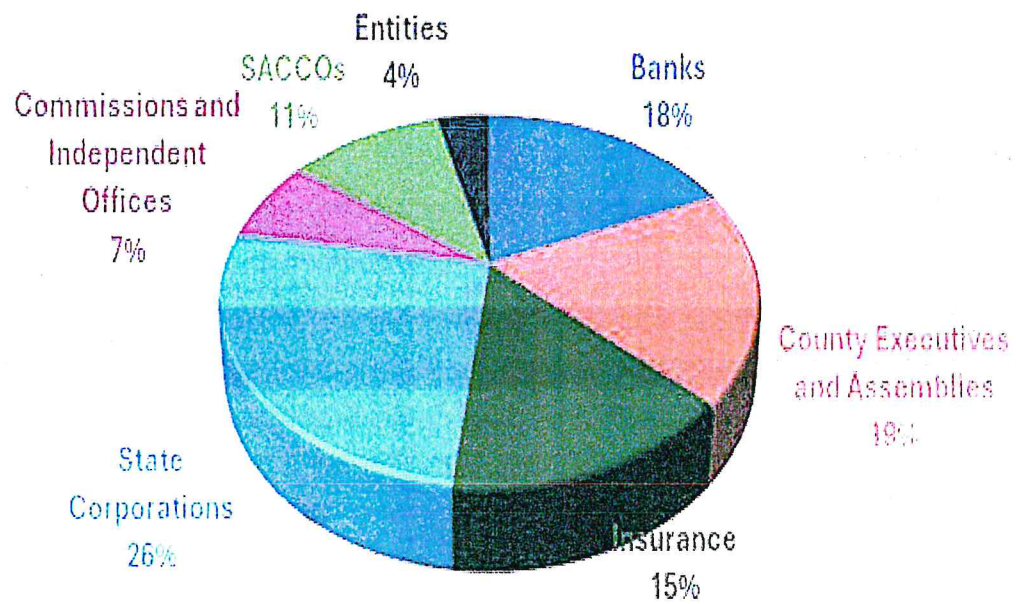
Individuals Category



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Sector Categories

CATEGORIES OF SECTORS SHORTLISTED FOR THE INTERNAL AUDIT AND RISK AWARDS
NSE Listed



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The evaluations underscored non-conformance areas cutting across public sector entities as follows;

S/No	Observations	Recommendation
1.	Transition to 2024 IPPF – Entities are yet to undertake gap assessments and develop action plans to facilitate conformance with the 2024 IPPF.	PSASB in collaboration with IIA(K) to; <ul style="list-style-type: none"> i) Heighten sensitizations on the new Global Internal Audit Standards. ii) Review internal audit and risk management frameworks to align to the new standards. iii) Report and follow up with entities on the areas of non-conformance. iv) Provide advisories on optimal sizing for internal audit functions, combined assurance and maintenance of a quality assurance improvement program. v) Provide technical support on the operational gaps.
2.	Ethics and Professionalism – Failure to demonstrate periodic training on ethics, assenting to codes of conduct and declaration of conflict of interest before internal audit assignments.	
3.	Governing the internal audit function - Demonstration of the Audit Committee's input in appraisal of the Head of Internal Audit	
4.	Managing the internal audit function – Failure to establish and maintain a combined assurance framework, quality assurance improvement program, strategic plan, implement a risk-based plan and build relationship with other stakeholders.	
5.	Technological Resources – Internal audit functions are yet to use technological resources to facilitate efficient and effective internal audit services.	
6.	Human Resources – Inadequate staffing levels to support requirements for review and supervision.	
7.	Internal Audit Services Effectively – Minimal undertaking of value adding advisory services	

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The following public sector entities were recognized during the internal audit and risk awards;

S/No.	Category	Winners
OVERALL		
1.	Overall Internal Audit Function of the Year	Kenya Electricity Generating Company PLC (KenGen) CPF Group
2.	Overall Risk Management Function of the Year	Universities Fund
3.	Overall Board Audit Committee of the Year	CPF Group
		County Government of West Pokot
INTERNAL AUDIT FUNCTIONS		
1.	County Assemblies and County Governments	County Government of Makueni
2.	Commissions and Independent Offices	Commission on Revenue Allocation Teachers Service Commission
3.	NSE Listed Entities	Kenya Electricity Generating Company PLC (KenGen)
AUDIT COMMITTEE		
1.	State Corporations, Agencies and Departments	Kenya Dairy Board
2.	County Assemblies and County Governments	County Government of West Pokot

b) 2025 Internal Audit Annual Seminar

The Board participated in the 22nd annual internal audit seminar themed “**Embrace Change, Elevate Trust and Influence Progress,**”. Complementing PSASB’s mandate, the seminar offered a unique opportunity for internal audit and risk management professionals to engage in dialogue and transformative learning, owing to the evolving role of internal auditors as strategic partners in a dynamic environment.



PSASB CEO, Georgina Muchai, joins other officials for a photo during the 22nd Annual Internal Audit Seminar held at Sarova Whitesands Beach Resort in Mombasa from May 5 to 9, 2025. The seminar, themed "Embrace Change, Elevate Trust and Influence Progress," was organised by the Institute of Internal Auditors Kenya.

9.3 Key Projects and Investment Decisions the Board is Implementing Under Accounting Standards Mandate

Cash to Accrual Migration Project: The Cabinet approved the Cash to Accrual migration on 7th March 2024. This paved the way for all entities on a cash basis to transition to accrual accounting. Further, the Cabinet Secretary, National Treasury on 30th August 2024, vide gazette notice number 10892, gazetted the Steering Committee to coordinate and oversee the transition project, with the Chairman of the Board being the vice chairman of the Steering Committee and the CEO being a member of the Committee. Joint secretaries to the Committee are drawn from the PSASB - Directorate of Accounting Standards and the National Treasury. Additionally, on the same date, the transition to accrual was gazetted by the chairman of the Board vide gazette notice 11033.

PSASB has a pivotal role in this project. The Board is in charge of Training, Communication, and Monitoring the project. This is one of the workstreams formed by the Steering Committee to undertake the day-to-day implementation of the project. This is in addition to the board's mandate to develop financial reporting templates for entities transitioning to accrual accounting.

The Board, in collaboration with the National Treasury, developed the accrual road map and transition guidelines. The committee has since approved the roadmap.

Sensitization of the transitioning entities has been and continues to be coordinated through the Training, Communication, and Monitoring workstream. A pool of Trainer of Trainees (TOTs) has been trained to increase the number of trainers for the preparers of financial statements in the transitioning entities.

The Board has also developed reporting templates for use by public sector entities currently reporting on cash basis of accounting. The financial reporting templates were issued vide National Treasury circular no. 13/2024, dated 3rd October 2024.

The Board continues to focus on the following key areas:

- a) **Accounting guidelines, templates, and tools to steer the transition process-** The Board has included in its immediate and short-term plans to revise accrual-based financial reporting templates for the national and county government entities and continue to prepare guidelines on new standards, as well as complex existing standards. on recognition of assets

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and liabilities and the transition roadmap along other tools. This will aid the transitioning organisations to conduct a smooth transition and in their financial reporting.

- b) **Sensitisation, dissemination of standards and capacity building-** The Board in collaboration with key stakeholders will continue to sensitise, disseminate and capacity build public sector accountants and players within the PFM cycle on the accrual accounting standards and the requirements of the transition process. The capacity building will be done in the transition period and beyond.



Officers drawn from the County Governments during the cash to accrual sensitization forum in Naivasha on 16 May 2025.

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Summary of Sensitization Report on Transition To Accrual Basis of Accounting

The table below summarizes the sensitization forums and stakeholder engagement details undertaken each quarter. This engagement combines activities on transition to accrual accounting, technical assistance offered to MDACs, and general sensitization for accountants.

Quarter One

Entity	Technical Issues Handled	Lead Institution	Mode of delivery	Type of engagement	Number of officers trained	Date
Nairobi City County	Sensitization on the transition from cash to accrual basis of accounting	PSASB & NT	Physical	Sensitization	23	12th - 16th August 2024
Ministries Departments and Agencies Internal Auditors	Sensitization on the transition from cash to accrual basis of accounting	PSASB & NT	Physical	Sensitization	91	9th - 13th September 2024
FRU Training of Trainers (ToTs)	Sensitization on International Public Sector Accounting Standards	PSASB	Physical	Sensitization	70	16th - 20th September 2024
Total number of Participants Trained					184	

Quarter Two

Entity	Technical Issues Handled	Lead Institution	Mode of delivery	Type of engagement	Number of officers trained	Date
Office of the Auditor-General	Sensitization on the transition from cash to accrual basis of accounting.	PSASB & NT	Physical	Sensitization	116	30th September - 4th October 2024

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Entity	Technical Issues Handled	Lead Institution	Mode of delivery	Type of engagement	Number of officers trained	Date
	The topics covered include Prerequisite Steps & Transition Guidelines, guidelines on NALM, IFMIS readiness towards accrual, IPSAS standards, Environmental, Social & Governance and the preparation of the opening statement of financial position.					
Office of the Auditor-General	Sensitization on the transition from cash to accrual basis of accounting. The topics covered include Prerequisite Steps & Transition Guidelines, guidelines on NALM, IFMIS readiness towards accrual, IPSAS standards, Environmental, Social & Governance and the preparation of the opening statement of financial position.	PSASB & NT	Physical	Sensitization	84	7th - 11th October 2024
Training of Trainers National Subcounty Treasuries	Sensitization on International Public Sector Accounting Standards. The topics covered include Prerequisite Steps & Transition Guidelines and IPSAS standards. TOTs also prepared training materials on various standards	PSASB	Physical	Sensitization	19	25th - 29th November 2024

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Entity	Technical Issues Handled	Lead Institution	Mode of delivery	Type of engagement	Number of officers trained	Date
	which will be used for future trainings.					
Office of the Director of Public Prosecutions	Sensitization on IPSAS standards and preparation of the opening statement of financial position	PSASB & NT	Physical	Sensitization	15	11th - 15th November 2024
Total number of Participants Trained						234

Quarter Three

Entity	Technical Issues Handled	Lead Institution	Mode of delivery	Type of engagement	Number of officers trained	Date
County Climate Change Accountants and Fund Administrators	Sensitization on transition from cash to accrual basis of accounting. The topics covered include IPSAS standards, FLOCCA Financial Management and the preparation of the opening statement of financial position.	PSASB & NT	Physical	Sensitization	100	12th - 25th January 2025
County Government	Sensitization on the transition from cash to accrual basis of accounting. The topics covered include Prerequisite Steps & Transition Guidelines, guidelines on Nalm, IFMIS readiness towards accrual, IPSAS standards, Global Internal Audit Standards, Counties Accrual Template	PSASB & NT	Physical	Sensitization	407	27th - 31st January 2025

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Entity	Technical Issues Handled	Lead Institution	Mode of delivery	Type of engagement	Number of officers trained	Date
	and the preparation of the opening statement of financial position.					
Training of Trainers for Office of the Auditor-General and FIRE Award Winner Entities	Sensitization on International Public Sector Accounting Standards. The topics covered include Prerequisite Steps & Transition Guidelines and all IPSAS standards. TOTs also prepared training materials on various standards which will be used for future trainings.	PSASB	Physical	Sensitization	93	10th – 21st February 2025
IFMIS Department and Financial unit Reporting (phase 1)	Sensitization on International Public Sector Accounting Standards. The topics covered include Prerequisite Steps & Transition Guidelines and key IPSAS standards.	PSASB	Physical	Sensitization	69	3rd – 7th March 2025
Ministries, Departments & Agencies Constitutional Commissions and Independent Offices	Sensitization on the transition from cash to accrual basis of accounting. The topics covered include Prerequisite Steps & Transition Guidelines, guidelines on Nalm, IFMIS readiness towards accrual, IPSAS standards, Case study from IEBC, EACC and CRA, MDA Accrual Template and the preparation of the opening statement of financial position.	PSASB & NT	Physical	Sensitization	474	24th – 28th March 2025
Total number of Participants Trained					1,143	

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Quarter Four

Entity	Technical Issues Handled	Lead Institution	Mode of delivery	Type of engagement	No. of officers trained	Date
IFMIS Department and Financial Reporting unit (Phase 2)	Sensitization on International Public Sector Accounting Standards. The topics covered include Prerequisite Steps & Transition Guidelines and key IPSAS standards.	PSASB	Physical	Sensitization	50	22nd - 25th April 2025
Projects	Sensitization on the transition from cash to accrual basis of accounting. The topics covered include Transition Guidelines, guidelines on NALM, Disbursements & Budget absorption, IPSAS standards, Standard Chart of Accounts, Overview of Projects Template and the preparation of the opening statement of financial position.	PSASB & NT	Physical	Sensitization	150	22nd - 25th April 2025
National Receivers of revenue, County Receivers of revenue and County Revenue Fund	Sensitization on the transition from cash to accrual basis of accounting. The topics covered include Prerequisite Steps & Transition Guidelines, OAG findings on RoR, Overview of RoR, CRoR & CRF Reporting Templates and key IPSAS standards.	PSASB & NT	Physical	Sensitization	215	28th April – 2nd May 2025
Sub County Accountants	Sensitization on the transition from cash to accrual basis of accounting. The topics covered include Prerequisite Steps & Transition Guidelines, guidelines on NALM, IFMIS readiness towards accrual, IPSAS standards, Operations of NGCDF, NGAAF & Uwezo Fund, overview of Template, Human resource issues and the	PSASB & NT	Physical	Sensitization	315	26th – 30th May 2025

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Entity	Technical Issues Handled	Lead Institution	Mode of delivery	Type of engagement	No. of officers trained	Date
	preparation of the opening statement of financial position.					
County TOTs	Sensitization on International Public Sector Accounting Standards. The topics covered include all IPSAS Standards and review of Financial Statements.	PSASB	Physical	Sensitization	121	3rd – 13th June 2025
Training of Trainers for Office of the Auditor-General	Sensitization on International Public Sector Accounting Standards. The topics covered include all IPSAS Standards and review of Financial Statements.	PSASB	Physical	Sensitization	50	23rd June – 4th July
Total number of Participants Trained					901	

9.5 Board's Compliance with Statutory Requirements

PSASB has complied with its establishing Act, the PFM Act, 2012. The Board's procurement is also undertaken in accordance with the provisions of the Public Procurement and Assets Disposal Act, 2015. It has also complied with other legal requirements on the submission of statutory deductions to KRA and its internal policies and procedures.

9.6 Major risks facing the Board

Strategic risk—Changes in the operating environment may make PSASB's strategy less effective in facilitating the achievement of its mandate. PSASB regularly monitors its strategic plan to advise the Board on risk mitigation strategies.

Compliance risk—PSASB, as a government institution, is expected to comply with the provisions of various laws and circulars. The Board complies with all relevant laws and circulars issued from time to time.

Financial risk—The National Treasury fully funds PSASB through transfers from the exchequer. As the board's operations have increased, the budgetary allocation has also increased, and this calls for the Board to manage the risk of under-absorption.

Operational risk- The Board faces various operational risks emanating from the limitations in our enabling legislation, the PFM Act, 2012, compliance with statutory requirements in other legislative frameworks, inadequate human resources, threats emanating from cyber security and privacy and managing the organizational brand visibility. This operation risks calls for the Board to develop mitigation strategies such as initiating legal reforms through our parent ministry, the National Treasury, undertake legal compliance audits, engaging the National Treasury on how to increase the number of staff required for the Board and implementing a cyber security management system to detect the threats and putting in place a business continuity plan for the operations of the Board.

10. Environmental and Sustainability Reporting

Below is an outline of PSASB's policies and activities that promote sustainability.

10.1 Sustainability Strategy and Profile

The Public Sector Accounting Standards Board plays a pivotal role in advancing sustainability in Kenya's public sector through its mandate of enhancing accountability, transparency, and prudent financial management. By setting high-quality accounting, reporting, and internal audit standards, the Board promotes value for money and effective utilization of public resources, ensuring that fiscal decisions contribute to long-term national development.

In the 2024/25 reporting year, PSASB's resource base was enhanced, enabling the Board to execute its mandate more effectively. This was achieved while upholding the National Treasury's cost-containment guidelines, demonstrating its commitment to efficient resource management. The Board continues to champion responsible fiscal practices through both its internal operations and the guidance it provides to public sector entities.

As part of its sustainability commitment, the Board developed a new Strategic Plan (2023/24–2027/28), which consolidates gains from previous plans while steering the board toward a forward-looking, impact-driven future. The plan emphasizes environmental stewardship, social equity, inclusive growth, and improved governance across the public sector. These efforts are aligned with Kenya Vision 2030, the Sustainable Development Goals (particularly SDG 16 – Peace, Justice and Strong Institutions), and the Climate Change Act (2016). Furthermore, PSASB actively engages with the International Public Sector Accounting Standards Board (IPSASB) to stay abreast of global developments in sustainability and natural resource reporting.

Internally, PSASB has embedded sustainability into its strategic and operational planning processes. Performance management frameworks include sustainability indicators, and internal reviews assess progress on energy efficiency, digitization, and inclusive staff development. The Board's ongoing digital transformation, particularly the rollout of the Enterprise Resource Planning (ERP) system, has significantly reduced paper usage, enhanced operational efficiency, and contributed to the Board's environmental goals.

Social inclusion is a key tenet of PSASB's sustainability strategy. The Board continues to promote youth employability and professional growth through Public Service Commission (PSC) structured

internship programmes and capacity-building support for early-career professionals. Additionally, PSASB has embraced diversity, equity, and inclusion (DEI) through fair and transparent recruitment practices, ensuring equal access to opportunities across gender, age, and ability.

Notably, the Board has employed a person with a disability, who is offered equal opportunities, resources, and responsibilities as all other staff. This reinforces PSASB's commitment to an inclusive workplace where every team member is valued, empowered, and equipped to contribute meaningfully to the institution's goals.

The Board fosters a shared commitment to sustainable public financial management through collaboration with stakeholders, including the National Treasury, Office of the Auditor-General, ICPAK, and county governments. These partnerships not only strengthen PSASB's ability to deliver on its mandate but also contribute to a culture of transparency and accountability that underpins national development and long-term public value.

10.2 Environmental Performance

Though PSASB is not a resource-intensive institution, it recognizes the critical role that public entities play in advancing environmental sustainability and climate resilience. The Board actively champions environmental conservation through institutional practices and community-based initiatives, reflecting its commitment to responsible governance and long-term public value.

10.2.1 Reforestation and Community Conservation Efforts

In alignment with Kenya's national reforestation and climate change agenda, PSASB participated in several large-scale tree planting initiatives during the year. These efforts were undertaken in collaboration with the Kenya Forest Service (KFS) and local Community Forest Associations (CFAs) to promote ecosystem restoration and community involvement:

- Participated in the 8th edition of the Kaptagat Integrated Conservancy program. The Board sponsored a donation of KES 250,000 worth of tree seedlings to support forest regeneration in KeSup Sabor and Kipkabus forests.
- Planted 10,000 trees in Uplands Forest in Kiambu County, reinforcing the Board's presence in Central Kenya's afforestation programs.

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- Planted an additional 20,000 trees in Sorget Forest, located in Kericho County, a region critical to the Mau ecosystem.

These reforestation initiatives contribute directly to Kenya's goal of achieving 30% national tree cover by 2032. They also strengthen community engagement and support biodiversity conservation in forest-adjacent areas.

PSASB continues to work with environmental stakeholders and agencies to promote conservation awareness, carbon sequestration, and sustainable land use practices, reflecting its belief that sustainability is best achieved through collective action.

10.2.2 Eco-Conscious Institutional Practices

In parallel with external initiatives, PSASB is equally committed to minimizing its environmental footprint. Notable efforts include:

- **Energy Efficiency:** Adoption of LED lighting and cultivation of staff awareness on electricity conservation practices.
- **Water Conservation:** Use of low-flow fixtures and staff sensitisation on responsible water use.
- **Paper Reduction:** Transition to digital workflows, with meeting documents, memos, and reports shared electronically to reduce printing needs.
- **Digital Transformation:** The enhanced deployment of the Enterprise Resource Planning (ERP) system across key operations, finance, HR, and procurement has significantly reduced paper use, improved efficiency, and streamlined compliance reporting.

10.3 Employee welfare

Employees are the most valuable asset. The Board is committed to fostering a work environment that is productive but also conducive, inclusive, engaging, and responsive to its staff's professional and personal needs. A people-centred culture remains at the heart of the Board's sustainability strategy, ensuring that every employee has the opportunity to grow, thrive, and contribute meaningfully to the Board's mandate.

10.3.1 Capacity Building and Professional Growth

During the year, the Board invested in staff development initiatives aimed at strengthening technical capacity, leadership skills, and professional excellence. These included but not limited to:

- **Research and Analytical Skills Training:** Staff were trained in research methods and analytical techniques to support evidence-based decision-making and innovative thinking in public financial management.
- **Continuous Professional Development (CPD):** Staff were supported in attending CPD workshops, seminars, and technical forums relevant to their roles, helping them meet professional certification requirements and stay up to date with industry developments.
- **Mentorship and Coaching:** The Board continued its internal mentorship and knowledge-sharing efforts to prepare junior staff for leadership roles and foster a collaborative learning culture.

10.3.2 Conducive Work Environment and Team Cohesion

PSASB prioritizes a work environment that promotes employee satisfaction, performance, and psychological safety. Notable features include:

- **Safe, ergonomic, and well-ventilated office spaces** that support healthy working conditions.
- **Clear workplace policies** on ethics, harassment prevention, and grievance redressal to ensure fairness and dignity at work.
- **Open-door management style**, promoting accessibility, feedback, and shared problem-solving.
- **Team-building activities** to enhance staff morale, cohesion, and organizational loyalty.

10.3.3 Health, Wellness, and Safety

PSASB recognizes that employee wellness is central to sustained productivity and institutional success. The Board maintained the following wellness interventions:

- **Comprehensive Medical Insurance:** All staff and their dependents are covered under a scheme that includes inpatient, outpatient, dental, optical, and specialist care.
- **Mental Health and Drug Awareness:** Staff received sensitization on mental health and substance abuse, including preventive education and information on support services.
- **Occupational Safety:** Risk assessment and compliance with occupational health and safety guidelines were upheld to maintain a secure workplace environment.

10.3.4 Inclusivity, Diversity, and Equal Opportunity

PSASB remains committed to diversity and inclusivity in its workforce, in line with national values and sustainability principles.

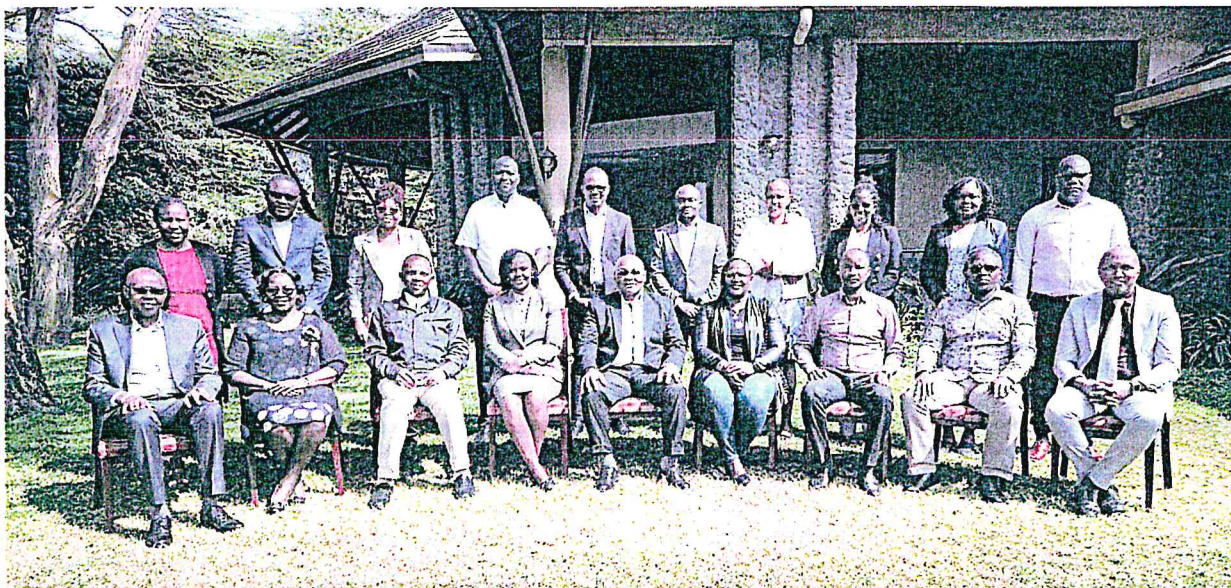
- The Board maintains a gender distribution of 55% male and 45% female, reflecting intentional progress toward gender equity across operational and leadership functions.
- In support of disability inclusion, the Board has employed a staff member living with a disability, who is fully integrated into the workforce and has been supported through tailored training and equal access to professional opportunities and responsibilities.
- PSASB is equally committed to ethnic diversity, ensuring fair representation across Kenya's communities. The Board fosters a culture of respect for all backgrounds, with employment and career advancement based strictly on merit, competence, and institutional values.
- Recruitment and performance appraisal processes are transparent and merit-based, ensuring that all staff, regardless of gender, ethnicity, age, or physical ability, have equal access to opportunities for growth and leadership.

10.3.5 Employee Engagement and Feedback

To foster trust and continuous improvement, the Board promotes open dialogue and staff involvement in the Board's development:

- Regular staff feedback forums, surveys, and team meetings are held to capture employee insights and identify areas for enhancement.
- The Board's leadership maintains an open-door policy, encouraging communication, shared responsibility, and a strong sense of belonging.

These approaches contribute to a high-performance culture rooted in mutual respect, transparency, and shared values, making PSASB a centre of excellence in public sector financial reporting and a model employer in the public service.



PSASB Board of Directors and staff during a retreat program held in Naivasha on 18th June 2025.

10.4 Marketplace practices

PSASB is committed to fostering transparent, ethical, and inclusive practices in all its interactions with the marketplace. Whether engaging suppliers, stakeholders, or public sector constituents, the Board promotes fairness, compliance, and value for public resources. The following practices were implemented during the financial year 2024/25 to support sustainable and accountable marketplace conduct:

10.4.1 Responsible Competition Practices

To uphold integrity, transparency, and a level playing field in its operations, PSASB has established a robust policy and ethical framework that guides its engagements:

- **Stakeholder Engagement Policy:** Ensured structured, transparent, and inclusive consultation with all external actors.
- **Fraud and Corruption Prevention Policy:** Reinforced the Board's zero-tolerance stance on unethical procurement and stakeholder relations conduct. It also provided early detection and mitigation mechanisms to address potential risks.
- **Communication Strategy:** Enhanced open, accurate, and timely communication with stakeholders, promoting trust and accountability.

These instruments collectively ensure that all external engagements are conducted with professionalism, fairness, and in compliance with public sector governance standards.

10.4.2 Supplier Engagement

PSASB's procurement processes are strictly guided by the Public Procurement and Asset Disposal Act (PPADA), 2015, and its attendant regulations. The Board actively promotes transparency, cost effectiveness, competitiveness, fairness, inclusivity and economic empowerment in public procurement, particularly for disadvantaged groups.

Key measures implemented during the financial year included:

- **Compliance with AGPO and Preference Regulations:** 34% of PSASB's procurement opportunities were allocated to preference and reservation groups, including youth, women, and persons with disabilities, in line with PPADA, 2015 requirements.
- **Clear and Precise TORs:** Development of detailed and unambiguous Terms of Reference and technical specifications helped reduce the risk of misinterpretation and encouraged high-quality responses from bidders.
- **Supplier sensitisation and Registration:** The Board continuously sensitised and updated its supplier list to expand its vendor base and stimulate fair competition.
- **Open Tendering and Transparency:** All open tender opportunities were published on the PSASB and the PPIP portal to ensure equal access to information for all interested parties.

- **Efficient Payment Practices:** The Board maintained a strong record of financial discipline by ensuring that no significant pending bills were carried forward during the financial year. This reflects PSASB's commitment to timely payment, supplier trust, and responsible public financial management.

10.4.3 Customer and Constituent Engagement

As a body serving public sector accountants, internal auditors, and reporting entities, PSASB is dedicated to delivering stakeholder satisfaction and responsive service. During the year, the following measures were undertaken:

- **Public Participation:** The Board facilitated engagement with constituents in the development and review of financial reporting templates, tools, and implementation guidance.
- **Timely Technical Support:** All technical queries from constituents relating to financial reporting and internal auditing standards were addressed within 14 calendar days.
- **Resource Accessibility:** To ensure wide access, all reports, standards, templates, and guidance tools were disseminated through the PSASB website and other stakeholder forums.
- **Continuous Communication:** The Board communicated proactively and consistently with its constituents on key developments, upcoming training, and policy shifts.

10.4.4 Strategic Stakeholder Relations

Delivering on its national mandate requires deep collaboration with public institutions, regulators, and professional bodies. PSASB advanced strategic partnerships through the following efforts:

- **Stakeholder Mapping and Onboarding:** Systematic identification of key institutional partners and outreach to build awareness of the Board's mandate and offerings.
- **Regular Consultations:** Throughout the year, engagements with stakeholders were held to ensure alignment, clarify expectations, and co-develop implementation strategies.
- **Technical Support and Field Assistance:** The Board supported counties, national government ministries, state corporations, and semi-autonomous government agencies (SAGAs) in applying IPSAS standards, GIAS standards, and reporting requirements.
- **Participation in External Forums:** PSASB contributed to forums organized by peer institutions and partners, delivering presentations and engaging in sector-wide dialogue.

- **Collaborative Partnerships:** The Board pursued partnerships on matters of mutual interest, such as capacity building, ESG integration, digital transformation, and public finance reforms

10.4.5 2025 Champions of Governance Awards

PSASB sponsored the 2025 Champions of Governance Award to bring together leaders, visionaries, and champions from across sectors to honor the transformative power of ethical leadership. The specific objectives of the awards were to;

- a) Recognise the practice and application of good governance in public and private sector entities.
- b) Recognise innovations in organizations that support good governance
- c) Encourage organizations to focus on the enhancement of good governance.



PSASB Chairman, FCPA Pius Mungai Nduatih (third left), presents a gift to the Deputy Chief of Staff in the Executive Office of the President, Eliud Owalo (centre), during the 2025 Champions of Governance (COG) Awards held in Nairobi. The event was organised by the Institute of Certified Secretaries (ICS).

10.5 Community Engagements

As part of its commitment to public value and sustainability, PSASB actively participates in community initiatives that support environmental conservation, social development, and financial literacy. The Board recognizes its role extends beyond standard setting to include responsible corporate citizenship, guided by Kenya's Vision 2030 and national climate and inclusion goals.

10.5.1 Environmental Restoration and Climate Action

In support of national tree planting campaigns and in alignment with Kenya's goal of achieving 30% tree cover by 2032, PSASB joined forces with Community Forest Associations (CFAs) to carry out reforestation and conservation activities across multiple counties.



PSASB CEO, Georgina Muchai, plants a tree seedling in Sorget Forest, Kericho County, on 13th June 2025. In total, PSASB planted 20,00 tree seedlings. The exercise was carried out in collaboration with Community Forest Associations and officials from the Kenya Forest Service.

During the year, the Board successfully participated in:

- Kaptagat Integrated Conservation Programme: The board participated in 8th edition of Kaptagat Integrated Conservation Programme by donating KES 250,000 worth of seedlings toward forest restoration efforts at Kaptagat Forest Station in Elgeyo-Marakwet County.
- Uplands Forest (Kiambu County): In collaboration with KFS and the local CFA, the Board planted 10,000 trees, demonstrating its continued support for Central Kenya's ecological regeneration.



PSASB CEO Georgina Muchai leads staff in planting 10,000 tree seedlings at Uplands Forest in Kiambu County, in collaboration with the Roromo Village Community Forest Association.

- Sorget Forest (Kericho County): PSASB further expanded its conservation efforts by planting 20,000 trees, reinforcing its commitment to sustainable land use, biodiversity, and carbon sequestration.



A team from PSASB, led by CEO Georgina Muchai, plants 20,000 tree seedlings in Sorget Forest, Kericho County, on 13th June 2025. The exercise was carried out in collaboration with Community Forest Associations and officials from the Kenya Forest Service.

These activities form part of PSASB's broader environmental sustainability agenda and symbolise its dedication to intergenerational equity and responsible public sector leadership on climate matters.

10.5.2 Public Financial Literacy and Knowledge Sharing

In addition to environmental initiatives, PSASB contributes to the broader empowerment of communities through financial literacy and public sector education:

- The Board supports community knowledge through awareness campaigns and public sensitisation sessions during its stakeholder engagements.

- The PSASB website and forums share tools, templates, and simplified financial reporting and accountability guides, helping devolved units, civil society, and the public better understand public finance processes.

10.5.3 Corporate Social Responsibility (CSR) and Public Service

PSASB acknowledges its responsibility as a catalyst for ethical leadership, capacity development, and sustainable national progress. The Board's Corporate Social Responsibility (CSR) and public service initiatives are anchored on the principles of equity, inclusion, transparency, and good governance and aligned with the broader goals of Vision 2030, SDGs, and Kenya's public sector transformation agenda.

During the financial year, PSASB implemented and supported various CSR activities aimed at creating a tangible local and national impact.

To promote financial literacy, governance excellence, and professional capacity in the public sector, the Board provided strategic sponsorships in collaboration with key institutions:

- **With KASNEB Foundation:** Sponsored needy and deserving students pursuing professional accounting and finance qualifications, fostering equitable access to career advancement in public finance.
- **With the Institute of Certified Secretaries (ICS):** Sponsored the Governance Award, promoting best practices in institutional leadership, ethical governance, and accountability.
- **With the Institute of Certified Public Accountants of Kenya (ICPAK)** sponsored the Financial Reporting (FiRe) Excellence Awards, supporting high standards in financial reporting, disclosure, and accountability among public sector institutions.
- **With the Institute of Internal Auditors Kenya (IIA-Kenya):** Sponsored the Internal Audit and Risk Management Award, reinforcing excellence and innovation in public sector assurance functions.

The Institute of Internal Auditors



PSASB CEO, Georgina Muchai, delivers a speech during the Internal Audit and Risk Awards held at Emara Ole Sereni on April 11, 2025.

These sponsorships position PSASB as a key enabler of ethical leadership, financial prudence, and professional excellence within the public sector ecosystem.

10.6 Future Outlook

As PSASB continues to evolve as a values-driven public institution, the Board envisions a more structured and impactful approach to sustainability, environmental responsibility, and community engagement. The following priorities define its forward-looking strategy:

10.6.1 Institutionalizing Community Engagement and CSR

- PSASB plans to institutionalize CSR planning, implementation, and reporting by embedding it into its performance frameworks and strategic plans.

- The Board will strengthen its community engagement strategy, particularly in counties where it provides training and implementation support, to ensure local ownership and long-term impact.
- Future CSR initiatives will be aligned with national development priorities, including youth empowerment, gender equity, and inclusion of persons with disabilities.
- Partnerships will be pursued with peer public sector agencies, professional bodies, and non-state actors to co-create and implement high-impact, cross-cutting community and sustainability projects.
- Community impact metrics will be integrated into PSASB's strategic performance indicators to enhance transparency and outcome-based reporting.

10.6.2 Advancing Environmental Sustainability

- The Board is exploring the adoption of green procurement practices, preferring vendors that demonstrate environmentally friendly processes and sustainable supply chains.
- PSASB will institutionalize environmental performance indicators within its internal performance management system to better track energy use, paper reduction, waste minimization, and carbon-conscious operations.
- Sensitization programs, digital workflows, and paperless initiatives will enhance staff engagement in climate change awareness and environmental stewardship.
- The Board plans to participate in national and global sustainability reporting platforms, including contributions to the IPSASB's sustainability standards, particularly in the areas of natural resource accountability and climate-related disclosures.

10.6.3 Promoting Inclusion, Wellness, and Flexible Work Culture

- PSASB will continue promoting equity and inclusion through staff development programs and affirmative action in employment, supplier engagement, and public participation.
- The Board will expand its support for youth, women, and persons with disabilities through targeted sponsorships, internship opportunities, and access to economic empowerment programs.
- Flexible work arrangements will be supported where operationally feasible to enhance work-life balance, employee well-being, and workplace productivity.

Together, these initiatives will ensure that PSASB fulfils its regulatory mandate and serves as a model institution for demonstrating public sector leadership in transparency and accountability, sustainability, community impact, and responsible governance.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Board's affairs.

i) Principal activities

The Board's principal activities are to set generally accepted accounting and internal auditing standards for public sector entities in Kenya.

ii) Results

The Board's results for the year ended June 30, 2025, are set on pages 1 to 47 of this Annual Report and financial statements.

iii) Directors

The members of the Board of Directors who served during the year are shown on page viii

iv) Auditors

The Auditor General is responsible for the Board's statutory audit for the year ended June 30, 2025, in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board.

Qui

Chief Executive Officer/Secretary to the Board

Date.....15/07/2025.....

12. Statement of Directors' Responsibility

Section 81 of the Public Finance Management Act, 2012 requires the Directors to prepare financial statements in respect of the Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year. The Directors are also required to ensure that the Board keeps proper accounting records that disclose the financial position of the Board with reasonable accuracy. The Directors are also responsible for safeguarding the assets of the Board.

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on 30th June 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board; (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 Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board'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 Directors are of the opinion that the Board's financial statements give a true and fair view of the state of the Board's transactions during the financial year, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained by the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

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

Public Sector Accounting Standards Board
Annual Report and Financial Statements for The Year Ended June 30, 2025.

Approval of the financial statements

The Public Sector Accounting Standards Board 's Annual report and financial statements were approved by the Board on **15th July 2025** and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Pius Nduatih', enclosed within a large, loopy circular flourish.

Name: FCPA Pius Nduatih, OGW

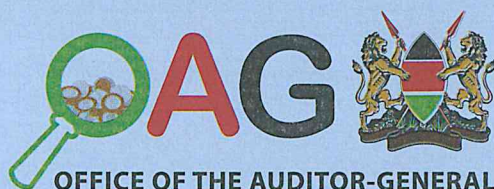
Signature

Date: 15th July 2025

Chairman of the Board

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON PUBLIC SECTOR ACCOUNTING STANDARDS BOARD 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.
- 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.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

Opinion

I have audited the accompanying financial statements of Public Sector Accounting Standards Board set out on pages 1 to 41, which comprise the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

Report of the Auditor-General on Public Sector Accounting Standards Board for the year ended 30 June, 2025

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, the financial statements present fairly, in all material respects, the financial position of Public Sector Accounting Standards Board as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Public Sector Accounting Standards Board 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 opinion.

Emphasis of Matter

1. Under-Absorption of Budget

The statement of comparison of budget and actual amounts reflects budgeted and actual total receipts Kshs.1,004,064,542 and Kshs.973,213,567 respectively resulting in an under collection of Kshs.30,850,975 or 3% of the budget. Similarly, the Board spent an amount of Kshs.615,595,776 against actual receipts of Kshs.973,213,567 resulting to an under expenditure of Kshs.357,617,791 or 37% of actual receipts.

The under-utilization of the budget may have impacted negatively on service delivery by the Board.

2. Failure to Meet Targets in the Annual Work Plans

Review of the statement of the Board's Performance Against Predetermined objectives for financial year 2024/2025 indicated good progress in achievement of the targets. However, some planned targets were not achieved as indicated below:

Key Result Area	No. of Planned Activities	Achieved Activities	Activities Not Achieved
Standards Setting	6	6	0
Capacity Development	7	6	1
Compliance Monitoring	6	5	1
Institutional strengthening and sustainability	22	19	3
TOTAL	41	36	5

Report of the Auditor-General on Public Sector Accounting Standards Board for the year ended 30 June, 2025

The Board's failure to meet some of the targets is attributed to lack of substantive officers in Legal and Internal Audit Departments. The Board however, recruited the two officers in June, 2025.

My opinion is not modified in respect of these matters.

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. There were no key audit matters to report in the year under review.

Other Information

The Directors are responsible for the other information set out on page ii to cxxi which comprise of Key Board Information and Management, the Board of Directors, Key Management Team, Report of the Board Chairman, Report of the Chief Executive Officer, Statement of Board's Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Adherence to the Requirements of the Data Protection Act, 2019

Review of records at the Board indicated that the Board had not appointed a Data Protection Officer as required under Section 18 of the Data Protection Act, 2019, which provides that no person shall act as a data controller or data processor unless registered with the Data Commissioner. Although Management asserted that the registration process was underway, no corroborating evidence was provided for audit review.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Understaffing

As previously reported, the Board had an approved staff establishment of forty-seven (47) staff as per authorization referenced RES 1071/17/01/B (4) dated 12 February, 2018. However, during the year under review, only twenty-six (26) staff members were in post resulting to understaffing by twenty-one (21) staff members. Although Management indicated that the Board had received approval for recruitment of eleven (11) additional staff members, as at the time of the audit, the recruitment process had not commenced.

In the circumstances, the understaffing may hinder the realization of the Board's mandate as provided for under Section 194 of the Public Finance Management Act, 2012.

2. Weaknesses in the Operating Legal Framework

Section 193(5) of the Public Finance Management Act, 2012 provides that The National Treasury shall provide secretariat services to the Board and assign or appoint such support staff as may be necessary for the Board to effectively perform its functions. As

previously reported, this provision limits the efficiency of the organization as the Board does not have control over its staffing needs.

In the circumstances, the secretariat's efficiency may be impaired and the operations of the Board affected as they are dependent on the support of The National Treasury.

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 the Board of Directors

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 Board'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.

The Board of Directors is responsible for overseeing the Board'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

07 August, 2025

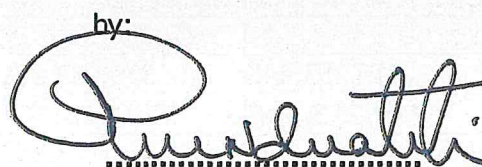
Public Sector Accounting Standards Board

Annual Report and Financial Statements for The Year Ended June 30, 2025.

14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Notes	Year ended 30 June 2025 KES	Year ended 30 June 2024 KES
Revenue from non-exchange transactions			
Transfers from the National Treasury	6	640,590,000	650,900,000
Grants from Government Entities (PFMR)	7	5,325,000	3,846,071
Revenue from exchange transactions			
Other Incomes	8	10,553,685	6,543,195
Total revenue		656,468,685	661,289,266
Expenses			
Use of goods and services	9	102,099,029	87,895,511
Employee costs	10	79,862,461	84,586,901
Board Expenses	11	26,639,408	18,829,514
Travel and Subsistence Cost	12	34,336,828	40,080,505
Depreciation and amortization expense	13	15,444,743	9,028,928
Standard Development, Monitoring, and Evaluation	14	341,139,052	114,715,432
Repairs and maintenance	15	6,397,405	1,924,054
Contracted services	16	8,835,430	2,879,300
Total expenses		614,754,355	359,940,146
Surplus before tax		41,714,330	301,349,120
Taxation	17	(1,494,246)	(917,532)
Net Surplus for the period		40,220,084	300,431,588

The financial statements set out on pages 1 to 45 were signed on behalf of the Board of Directors
by:



FCPA Pius Nduatih
Chairman of the Board
Date: 15th July 2025

FCPA Edwin Njamura
Convener – GSC
Date: 15th July 2025



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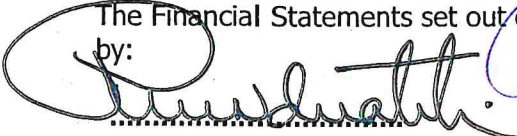
CPA Georgina Muchai
Chief Executive Officer
Date: 15th July 2025
ICPAK M/No.13725

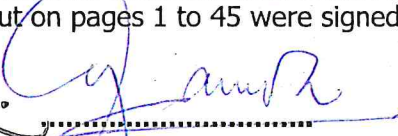
Public Sector Accounting Standards Board
Annual Report and Financial Statements for The Year Ended June 30, 2025.

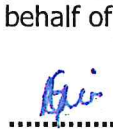
15. Statement of Financial Position as at 30 June 2025

Description	Note	As at 30 th June 2025	As at 30 th June 2024
Assets		KES	KES
Current assets			
Cash and cash equivalents	18	357,617,791	318,242,893
Receivables from exchange transactions	19	675,875	1,330,043
Prepayments	20	10,641,983	9,564,765
Inventories	21	5,192,094	4,213,270
Total current assets		374,127,742	333,350,971
Non-current assets			
Property, plant, and equipment	22	36,758,459	37,978,569
Right of Use Asset	23	35,497,563	-
Intangible Assets	24	13,138,056	9,624,305
Total Non-Current Assets		85,394,078	47,602,874
Total Assets		459,521,820	380,953,845
Liabilities			
Current liabilities			
Trade and other payables	25	3,940,121	1,419,151
Tax Liabilities	26	-	18,268
Lease Liability	28	5,661,905	-
Total Current Liabilities		9,602,026	1,437,419
Non-Current Liabilities			
Non-Current employee benefit obligation	27	-	483,064
Lease Liability	28	30,666,349	-
Total Non-Current Liabilities		30,666,349	483,064
Total Liabilities		40,268,375	1,920,483
Net Assets		419,253,445	379,033,361
Represented by:			
Accumulated surplus		419,253,445	379,033,361
Net Assets		419,253,445	379,033,361

The Financial Statements set out on pages 1 to 45 were signed on behalf of the Board of Directors by:


FCPA Pius Nduatih
Chairman of the Board
Date: 15th July 2025


FCPA Edwin Njamura
Convener – GSC
Date: 15th July 2025


CPA Georgina Muchai
Chief Executive Officer
Date: 15th July 2025
ICPAK M/No.13725

Public Sector Accounting Standards Board
Annual Report and Financial Statements for The Year Ended June 30, 2025.

16. Statement of Changes in Net Assets for the Year Ended 30 June 2025

Period	Accumulated Surplus KES	Total KES
At July 1, 2023	78,601,773	78,601,773
Surplus for the year	300,431,588	300,431,588
At June 30, 2024	379,033,361	379,033,361
At July 1, 2024	379,033,361	379,033,361
Surplus for the period	40,220,084	40,220,084
At June 30, 2025	419,253,445	419,253,445

Public Sector Accounting Standards Board
Annual Report and Financial Statements for The Year Ended June 30, 2025.

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Notes	Year ended 30 June 2025	Year ended 30 June 2024
	Note	KES	KES
Receipts			
Transfers from National Treasury		640,590,000	650,900,000
Other income		9,055,674	5,667,558
Total Receipts		649,645,674	656,567,558
Payments			
Use of goods and services		103,498,090	94,381,632
Employee costs		77,525,878	89,597,922
Board Expenses		26,808,992	19,338,266
Travel and Subsistence Cost		34,336,828	40,334,499
Standard Dissemination, Monitoring and Evaluation		335,610,160	110,869,361
Repairs and maintenance		6,397,405	1,924,054
Contracted services		8,835,430	2,379,300
Total payments		593,012,784	358,825,034
Net cash flows used in operating activities	29	56,632,891	297,742,524
Cash flows from investing activities			
Purchase of PPE		(5,690,172)	(6,635,785)
Purchase of intangible assets		(5,299,000)	-
Net cash flows used in investing activities		(10,989,172)	(6,635,785)
Cash flows from Financing activities			
Principal Lease Repayments		(6,268,821)	-
Net cash flows used in Financing activities		(6,268,821)	-
Net increase in cash and cash equivalents		39,374,898	291,106,739
Cash and cash equivalents at 1st July 2024	18	318,242,893	27,136,154
Cash and cash equivalents at 30th June 2025	18	357,617,791	318,242,893

Public Sector Accounting Standards Board
Annual Report and Financial Statements for The Year Ended June 30, 2025.

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025						
Description	Original Annual Budget	Adjustments	Final Annual Budget	Actual Amounts	% Utilization	Notes
Receipts	A KES	B KES	C=a+b KES	d KES	E=d/c %	
Opening Balance blf from FY2023/2024	317,760,513		317,760,513	318,242,893	100%	a
Receipts for the period						
Transfer from National Treasury	641,000,000	-	641,000,000	640,590,000	100%	b
Interest income	6,000,000	-	6,000,000	9,055,674	151%	c
PFMR Funding	39,304,029	-	39,304,029	5,325,000	14%	d
Total Receipts	1,004,064,542	-	1,004,064,542	973,213,567		
Payments						
Board Expenses	29,998,700	-	29,998,700	26,808,992	89%	e
Employee costs	139,379,714	-	139,379,714	77,641,878	56%	f
Use of goods and services	191,570,515	-	191,570,515	109,776,911	57%	g
Travel and subsistence Cost	77,493,000	-	77,493,000	34,336,828	44%	h
Standard Development, Monitoring and Evaluation	406,505,900	-	406,505,900	335,610,160	83%	i
Repairs and maintenance	72,732,000	-	72,732,000	6,397,405	9%	j
Contracted services	31,060,684	-	31,060,684	8,835,430	28%	k
Purchase of Assets	16,020,000	-	16,020,000	10,989,172	69%	l
PFMR Funded activities	39,304,029	-	39,304,029	5,325,000	14%	m
Total Payments	1,004,064,542	-	1,004,064,542	615,595,776	61%	n
Surplus for the period	-	-	-	357,617,791		

Public Sector Accounting Standards Board

Annual Report and Financial Statements for The Year Ended June 30, 2025.

Budget notes: Explanation of differences between actual and budgeted amounts

- a) The balances from the previous FY 2023/2024 were utilised as first charges to settle all total liabilities, and the residual was incorporated into the FY 2024/2025 budget.
- b) The Board received full disbursement for the first four quarters from the National Treasury according to the approved allocation as of the close of the financial year.
- c) Interest income for the year was 51% above projections. This is due to the opening balances from the previous financial year and the prompt allocation from the exchequer for FY 2024/2025.
- d) By the close of FY, 14% of the PFMR funding was received to pay for the PFMR-funded activities of mutual objectives according to the work plan. Budget reductions affected the PFMR budget, hence the Board's allocation. These funds were utilised for capacity building for county internal auditors and accounts on transition to accrual.
- e) The Board expenses were KES. 26.81 million, with an absorption rate of 89%. This performance results from the board implementing its Board Almanac and development activities. In addition, there was a smooth transition of members retiring from the board who were replaced in good time, overcoming the gap of the insufficient quorum for transacting business. Further, additional costs were incurred due to increased activities on transition to accrual accounting for MDACs, Constitutional Commissions, and independent offices in implementing the transition to accrual accounting activities oversights by the board.
- f) The employee costs for the year were KES.77.45 million, with an absorption rate of 56%. The under-absorption is due to postponed FY 2024/2025 recruitments that had been budgeted for during the period and the exit of three (3) staff members within the financial year.
- g) The budget utilisation for goods and services was 57% for the period under review. The low absorption is attributed to austerity measures and the postponement of costs that would have resulted from recruiting staff to acquire insurance cover due to the increase in the number of staff. The rental lease payments were also budgeted herein.
- h) The travel and subsistence costs for the year were within the budget at KES.34.34 million, with an absorption rate of 44%. The under-absorption is due to discrepancies between the planned activities with the anticipated staff numbers and the actual activities with the actual staff numbers. This is occasioned by two factors, staff who exited the board, and the new staff who were not recruited during the period.
- i) Standard Development, Monitoring, and Evaluation stood at KES.335.61 million with an absorption rate of 83%. This performance is a result of increased monitoring and capacity-building activities for public entities transitioning to accrual accounting relating to the

Public Sector Accounting Standards Board

Annual Report and Financial Statements for The Year Ended June 30, 2025.

development of standards, guidelines, and frameworks for accounting, internal audit standards, and risk management.

- j) Repair and maintenance accounted for 9% of the budget. This absorption was occasioned by the suspension of the planned repairs for office spaces and partitioning, which were to accommodate the increased staff.
- k) The cost of contracted services relates to security guards, cleaning services, and professional services contracted by the Board. The absorption was 28%. This absorption results from contracting professional services that were not concluded in the course of the financial year, including research, governance and legal audit, and training needs analysis, which were not done. However, the procurement of research assignments and governance and legal audit assignments was commenced in Q4 and is to be concluded within Q1 of the next financial year.
- l) The purchase of fixed assets included PPE and intangible assets, which were still in progress. The utilization of 69% reflects the payments towards the PPE acquisition and the development of intangible assets, which will be completed in the next financial year.
- m) PFMR Funded Activities were utilised as per the total funded activities during the period of KES.5.33 million.
- n) An analysis of actual revenue versus actual expenditure is 61%.

Public Sector Accounting Standards Board

Annual Report and Financial Statements for The Year Ended June 30, 2025.

19. Notes to the Financial Statements

1. General Information

The Public Sector Accounting Standards Board (PSASB) Board is established by and derives its authority and accountability from the Public Finance Management Act 2012. The Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The Board's principal activity is to set generally acceptable accounting and internal auditing standards for the Kenyan Public Sector.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. The Board did not have items of property, plant, and equipment for which to measure at re-valued amount. There were no marketable securities and financial instruments to be measured at fair value, nor impaired assets to be measured at their estimated recoverable amounts and actuarially determined liabilities measured 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 Board'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 Board. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Public Sector Accounting Standards Board

Annual Report and Financial Statements for The Year Ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS**3. Adoption of New and Revised Standards****i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.**

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities. <i>These changes have been assessed, and the Board's assets have been impacted upon application of this standard. The Board has taken the early adoption approach to this standard.</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>These changes have been assessed and currently the new standard has no effect on the operations of the Board. When the Board identifies assets for sale, they shall be classified separately from PPE in the year such decision is made.</i>
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of

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Standard	Effective date and impact:
	<p>PPE shall be recognized 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><i>These changes have been assessed, and the Board's assets will be impacted upon the effective date of application of this standard.</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>These changes have been assessed and the Board's assets and liabilities will be impacted upon the effective date of application of this standard.</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>These changes have been assessed and the Board's revenue will be impacted upon the effective date of application of this standard and reported as per the requirements of the standard.</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses</p>

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Standard	Effective date and impact:
	<p>and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>Management has assessed the new standard, and it has no impact to the entity.</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>Management has assessed the new standard, and it has no impact to the entity.</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>Management has assessed the new standard, and it has no impact to the entity.</i></p>

iii. Early adoption of standards

The Board has early – adopted IPSAS 43 – Leases which is a new standard in effective 1st January 2025 globally but 1st July 2025 in Kenya. The Board's lease is for the office building whose lease term commenced 1st July 2024.

NOTES TO THE FINANCIAL STATEMENTS

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 Board and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income.

ii) Budget information

The original budget for FY 2024-2025 was approved by the National Assembly. 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 Board upon receiving the respective approvals in order to conclude the final budget.

The Board's 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 **Note 28** of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**b. Taxes****i. Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Board operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 Board 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.

Depreciation on property, plant and equipment is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life. Depreciation is done quarterly with assets acquired in the course the quarter being depreciated from the subsequent quarter using the following annual rates;

Asset	Rate (%)
Computers, Computer Accessories and Infrastructure	33.33
Motor Vehicles	25
Furniture, Fittings and equipment	12.5

NOTES TO THE FINANCIAL STATEMENTS

d. 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 value of intangible asset is amortized over its useful life at a rate of 20% per annum using reducing balance method on quarterly basis.

The useful life of the intangible assets is assessed as either finite or indefinite.

e. Leases

The Board early adopted IPSAS 43 – Leases with effect from 1 July 2024, replacing the previous IPSAS 13. The new standard introduces a comprehensive lessee accounting model that requires most leases to be recognized on the statement of financial position. The rental lease commencement date was 1st July 2024. According to IPSAS 43, at the commencement date of a lease, PSASB recognizes a lease liability, representing the present value of future lease payments, and a corresponding right-of-use (ROU) asset, measured at cost. Lease payments include fixed payments and exclude variable lease payments linked to future performance or usage. For purposes of discounting, PSASB applies an incremental borrowing rate of 12.5% per annum, as the interest rate implicit in the lease is not readily determinable.

The lease liability is measured at the present value of lease payments over the non-cancellable lease term. As of the reporting date, the option to extend or renew the lease is not considered reasonably certain and therefore has not been included in the lease term. The ROU asset includes: the amount of the initial lease liability, lease payments made at or before the commencement date, initial direct costs, and an estimate of costs to dismantle or restore the leased premises (if any), less any lease incentives received.

The ROU asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, unless it is reasonably certain that ownership will transfer to PSASB at the end of the lease term. The asset is also assessed for impairment in accordance with IPSAS 21 or IPSAS 26. Subsequently, the lease liability is measured at amortized cost using the effective interest method and reduced by lease payments. Interest expense is recognized in the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS

Leases of 12 months or less and leases for low-value assets are not recognized on the statement of financial position but are instead expensed on a straight-line basis over the lease term.

f. Financial instruments

IPSAS 41 addresses the classification, measurement, and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting, and a new impairment model for financial assets. PSASB does not have any hedge relationships; therefore, the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to one entity's financial asset and another's financial liability or equity instrument. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit. These transaction costs are directly attributable to the acquisition or issue of the financial asset or financial liability.

1. Financial assets

Classification of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

NOTES TO THE FINANCIAL STATEMENTS

Impairment

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

2. Financial liabilities

Classification

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

g. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Board.

h. Provisions

Provisions are recognized when the Board 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 Board 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.

NOTES TO THE FINANCIAL STATEMENTS

i. Contingent liabilities

The Board 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.

j. Contingent assets

The Board 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 Board 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.

k. Nature and purpose of reserves

The Board creates and maintains reserves in terms of specific requirements. Currently, the board retained earnings comprise of surplus relating to prior periods.

l. Changes in accounting policies and estimates

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

m. Employee benefits

Retirement benefit plans

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

NOTES TO THE FINANCIAL STATEMENTS

n. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o. Related parties

The Board 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 Board, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

p. 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 in various commercial banks at the end of the financial year.

q. Comparative figures

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

r. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Board'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 such as:

a) 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 Board 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 Board. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i)** The condition of the asset based on the assessment of experts employed by the Board.
- ii)** The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii)** The nature of the processes in which the asset is deployed.
- iv)** Availability of funding to replace the asset.
- v)** Changes in the market in relation to the asset

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

d) Provision for bad debts

It is the boards policy to assess the impairment of individual debts on an annual basis and provide for each of them on the prevailing circumstance.

Public Sector Accounting Standards Board

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NOTES TO THE FINANCIAL STATEMENTS**6. Transfers from the National Treasury****a) Transfer from the National Treasury**

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Unconditional grants		
Operational grants, Quarter 1	160,147,500	162,725,000
Operational grants, Quarter 2	160,147,500	162,725,000
Operational grants, Quarter 3	160,147,500	162,725,000
Operational grants, Quarter 4	160,147,500	162,725,000
Total government grants and subsidies	640,590,000	650,900,000

The Board received all the allocated and approved funds during FY2024/2025.

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 recognized in capital fund.	Total transfers 30 June 2025	Prior Period 30 June 2024
	KES	KES	KES	KES	KES
The National Treasury and Economic Planning	640,590,000	-	-	640,590,000	650,900,000
Total	640,590,000	-	-	640,590,000	650,900,000

7. Grants from other Government Entities

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
PFMR Funding	5,325,000	3,846,071
Total	5,325,000	3,846,071

During the year, the Board participated in preparation of a work plan with the Public Finance Management Reforms (PFMR) on areas of reform as per their strategic plan. The approved work plan had activities costing KES. 39.3 million out of which about KES. 5.3 million was funded. The balance of 8.2 million was not funded despite being in the approved work plan due to the reduced PFMR budgets for the same period.

Public Sector Accounting Standards Board

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NOTES TO THE FINANCIAL STATEMENTS

8. Other Income

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Interest Income from Co-operative Bank of Kenya	9,961,641 ✓	6,116,853
Decrease in prior year provisions	592,044 ✓	-
Insurance recoveries	-	72,405
Staff payment in-leu of notice	-	353,937
Total Other income	10,553,685	6,543,195

Interest income relates to income earned during the year from the monthly closing bank balances on the account held at the Co-operative Bank of Kenya. These are gross amounts before withholding income tax. The additional income results from the reduction in prior year provisions upon settlement.

9. Use of Goods and Services

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Training	× 27,001,323	19,309,644
Specialist materials (Library books)	× 17,992,658	2,788,319
Software Licenses	13,427,096	11,331,768
Insurance	10,697,956	9,978,058
Hire of conference facility costs	9,203,984	15,329,444
Advertising and Publicity	6,693,746	3,489,274
Rental Lease interest charged	3,487,986	9,756,805
Telecommunication and postage	3,244,883	3,248,100
General supplies, Accessories for computer and printers	2,170,955	3,926,275
Fuel and oil	1,997,315	2,293,245
Printing and stationery	1,950,782	3,091,050
Bank charges & Commission	1,059,918	551,356
Parking Costs	871,680	931,680
CSR activities	731,525	-
Electricity	628,763	872,163
Internet Connections	512,256	517,824
Subscriptions	426,204	480,506
Total	102,099,029	87,895,511

NOTES TO THE FINANCIAL STATEMENTS

The use of goods and services expenditures were impacted by items such as rental lease interest which resulted from early adoption of IPSAS 43-Leases. Other expenses included hospitality and catering expenses, advertising and publicity, insurance, training, fuel and oil, and significantly software licenses which resulted from acquisition of ICT infrastructure to facilitate process automation. Software costs also increased due to license renewals, upgrades, and payment for new licenses during the financial year. Training cost increased due to the need to upscale the skills of staff to facilitate the implementation of transition to accrual accounting. The specialist material includes the purchase of GIAS and IFRS books for distribution the public sector entities transitioning to accrual accounting.

10. Employee Costs

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Salaries and wages	55,291,651	58,370,872
Employer contribution to pension scheme	7,077,977	7,515,964
Housing allowance	12,531,134	13,670,150
Social contributions	906,850	492,409
NITA employer	19,250	15,650
Housing Levy Employer	1,012,953	988,936
Gratuity	3,022,646	3,532,920
Employee costs	79,862,461	84,586,901

The decrease in employee cost was due to officers exiting service in the course of the financial year.

NOTES TO THE FINANCIAL STATEMENTS**11. Board Expenses**

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Chairman/Directors' Honoraria	720,000	720,000
Board sitting allowance	7,693,000	6,323,000
Board Member's Medical Insurance	734,864	317,059
Induction and Training	4,317,880	3,256,660
Travel and accommodation	13,173,664	8,212,795
Total	26,639,408	18,829,514

During the FY 2024/2025, the Board of Directors managed to take the training and development activities in line with the approved Board Almanac for the year.

12. Travel and Subsistence Costs

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Travel cost	4,289,864	5,481,505
Daily Subsistence Allowance	30,046,965	34,599,000
Total travel and subsistence cost	34,336,828	40,080,505

The travel and subsistence costs relate to cost incurred for the development of policies, e-learning, and capacity development for staff during the year

13. Depreciation and Amortization Expense

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Property, plant, and equipment	6,559,981	6,837,112
Intangible assets	1,785,249	2,191,817
ROU Depreciation	7,099,513	-
Total depreciation and amortization	15,444,743	9,028,929

The increase in depreciation and amortization expense is a result of the early adoption of IPSAS 43, which has given rise to right-of-use assets.

Public Sector Accounting Standards Board

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NOTES TO THE FINANCIAL STATEMENTS**14. Standard Development, Monitoring, and Evaluation Expenses**

Description	Year ended 30 June 2025 KES	Year ended 30 June 2024 KES
Standard Development and capacity building Expenses	304,680,852	98,924,932
Promoters' contributions	4,000,000	2,000,000
Evaluation expenses	32,458,200	13,790,500
Total Standard Development, Monitoring and Evaluation	341,139,052	114,715,432

Standard development, monitoring and evaluation costs relate to standard setting, monitoring compliance, and capacity building for public entities in relation to adopting standards, guidelines, and frameworks prescribed by the Board from time to time. The Board undertook sensitization programs for public entities throughout the financial year. This includes training of accountants and internal auditors on standards, guidelines, and frameworks prescribed, development of accounting and internal audit guidelines and frameworks, training of internal audit committees in the public sector, technical assistance provided to entities that require technical support and capacity building of public entities transition from cash to accrual accounting. The increase in cost in dissemination as a result of increased sensitization activities in preparation for transition to accrual accounting in the public sector entities. Evaluation costs relate to the Financial Reporting Excellence Award (Fire Award) activity. The total number of entities evaluated was one thousand and twenty (1020) entries from the public sector. This number is higher compared to eight hundred and forty-two (842) the previous year, indicating improvement in the quality of their financial reporting. PMFR activity costs relate to costs funded by the Public Finance Management Reform (PFMR) Secretariat to promote accountability in the public sector.

Public Sector Accounting Standards Board

Annual Report and Financial Statements for The Year Ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS**15. Repairs and Maintenance**

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Motor Vehicles	1,020,717	1,268,185
Furniture and fittings	18,500	94,807
Computers and Accessories	5,358,188	561,062
Total repairs and maintenance	6,397,405	1,924,054

The cost comprises motor vehicle repair and maintenance, and computer accessories. There was an increase due to additional accessories acquired during the year.

16. Contracted Services

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Security Cost	751,680	396,000
Contracted professional services	7,583,750	1,983,300
Accrued Audit fees	500,000	500,000
Total contracted services	8,835,430	2,879,300

The cost of contracted services includes cleaning services, provision of audit fees, technical consultancy in development of performance and Strategic plan monitoring tool, and information systems audit for FY 2024/2025.

17. Taxation

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Interest Income from Co-operative Bank of Kenya	9,961,641	6,116,853
W/tax at source 15%	1,494,246	917,532
Tax Paid (15% of Net Interest Income)	1,494,246	917,532

The tax paid is the withholding tax at source of fifteen per cent (15%) paid on interest income received from the Co-operative Bank of Kenya Ltd.

Public Sector Accounting Standards Board

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NOTES TO THE FINANCIAL STATEMENTS**18. Cash and Cash Equivalents**

Description	Year ended 30 June 2025 KES	Year ended 30 June 2024 KES
Current account	357,617,791	317,760,914
Staff pension & gratuity account	-	481,979
Total cash and cash equivalents	357,617,791	318,242,893

18 (a) Detailed analysis of the cash and cash equivalents

Description/Financial institution	Account number	Year ended 30 June 2025 KES	Year ended 30 June 2024 KES
a) Current account			
Cooperative Bank of Kenya	1141199471000	357,617,791	317,760,514
Cash in hand		-	-
Sub- total		357,617,791	317,760,914
b) Others(specify)			
Staff pension & gratuity account	01141199471001	-	481,979
Sub- total		357,617,791	481,979
Grand total		357,617,791	318,242,893

18 (b) Pensions and Gratuity account

Description	Year ended 30 June 2025 KES	Year ended 30 June 2024 KES
At the beginning of the year	481,499	2,840,499
Additional contributions during the year	-	336,395
Gratuity transferred during the year	(481,499)	(2,693,799)
Bank charges	-	(1,016)
Total cash and cash equivalents	-	481,979

During the year, the Board transferred the balance to the main account of the Board after settlement of outstanding obligations.

NOTES TO THE FINANCIAL STATEMENTS**19. Receivables from Exchange Transactions**

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Current receivables		
Staff debtors-Temporary Imprests	185,308	389,200
Salary advance	490,567	940,843
Total current receivables	675,875	1,330,043

Staff debtors relate to outstanding staff imprest and salary advance at the end of the financial year.

20. Prepayment

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Current payables		
Motor Vehicle Insurance and WIBA	268,913	299,155
Newspapers	257,265	393,795
Board of Directors -Medical Cover	678,336	508,752
Staff Medical Cover	7,586,263	6,378,257
Back-up Server services	1,851,205	1,851,205
Training	-	133,600
Total	10,641,983	9,564,765

Prepayments relate to medical and motor vehicle insurance prepaid during the year. They also include the prepayment towards daily newspaper and digital copy subscription prepaid during FY2024/2025. The huge rise in this item is due to increased premium charges for staff medical, Group Personal Accident, and board members' medical cover.

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NOTES TO THE FINANCIAL STATEMENTS**21. Inventories**

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Supplies & accessories for computers, printing, and communication	1,746,826	325,886
Office and General supplies & Hospitality expenses	3,445,268	3,887,270
Total inventories	5,192,094	4,213,270

Inventory Movement:

Item Description	Opening balance	Acquisitions	Issued	Closing
Supplies & accessories for computers, printing, and communication	325,886	1,984,700	(563,760)	1,746,826
Office and General supplies & Hospitality expenses	3,887,384	1,165,078	(1,607,195)	3,445,268
Total Inventory	4,213,270	3,149,778	(2,170,955)	5,192,094

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Property, Plant and Equipment

Cost	Motor vehicles KES	Furniture and fittings KES	Computer KES	Office Equipment KES	Total KES
As at 30th June 2023	23,751,000	25,076,529	11,658,922	16,155,456	76,641,907
Additions		3,244,700	2,921,460	575,705	6,741,865
WIP		350,300	-	-	350,300
As at 30th June 2024	23,751,000	28,671,529	14,580,382	16,731,161	83,734,072
Additions	-	-	4,909,300	430,572	5,339,872
As at 30th June 2025	23,751,000	28,671,529	19,489,682	17,161,733	89,073,944
Depreciation and impairment					
As at June 2023	(16,633,139)	(9,792,541)	(7,620,742)	(4,830,074)	(38,876,496)
Depreciation for the year	(1,619,483)	(2,015,652)	(1,851,292)	(1,350,685)	(6,837,112)
Disposal	-	-	(41,895)	-	(41,895)
As at June 2024	(18,252,622)	(11,808,193)	(9,513,928)	(6,180,759)	(45,755,503)
Depreciation for the year	(1,251,012)	(2,003,212)	(2,034,043)	(1,271,715)	(6,559,981)
As at June 2025	(19,503,633)	(13,811,405)	(11,547,971)	(7,452,473)	(52,315,484)
Net book values					
As at 30th June 2025	4,247,367	14,860,124	7,941,711	9,709,260	36,758,459
As at 30th June 2024	5,498,378	16,863,336	5,066,454	10,550,403	37,978,569

The additional tangible assets are laptops for the new Board staff, which were acquired and subsequently recognised in the fixed assets register

Public Sector Accounting Standards Board

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Right of Use Asset

Description	Amount
Right of Use Asset at inception	42,597,075
Depreciation for the period to 30th June 2025	(7,099,513)
Right of Use Asset at the close of the year	35,497,563

Right of use is determined by the contract lease of leasing office space at CPA Centre for a period of six years beginning 1st July 2024. The amount recognized at inception is the present value of future rental expenses for the same period as an annuity discounted at the incremental borrowing rate of 12.5% p.a.

Amortization schedule

2024/25	Lease Payment	Interest Expense	Principal Repayment	Lease Liability Closing Balance	Depreciation Expense
01-07-2024	2,439,202	-	2,439,202	40,157,873	1,774,878
01-10-2024	2,439,202	1,200,061	1,239,141	38,918,733	1,774,878
01-01-2025	2,439,202	1,163,031	1,276,171	37,642,562	1,774,878
01-04-2025	2,439,202	1,124,894	1,314,307	36,328,254	1,774,878
Total (2024/2025)	9,756,806	3,487,986	6,268,821		7,099,513
01-07-2025	2,439,202	1,085,618	1,353,584	34,974,671	1,774,878
01-10-2025	2,439,202	1,045,168	1,394,034	33,580,637	1,774,878
01-01-2026	2,439,202	1,003,509	1,435,692	32,144,945	1,774,878
01-04-2026	2,439,202	960,606	1,478,596	30,666,349	1,774,878
Total (2025/2026)	9,756,806	4,094,901	5,661,905		7,099,512

NOTES TO THE FINANCIAL STATEMENTS (Continued)**24. Intangible Assets**

Description	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Cost		
At beginning of the year	9,624,305	11,816,122
At end of the Year	9,624,305	11,816,122
WIP -CDMIS	5,299,000	-
At end of the Year	14,923,305	11,816,122
Amortization and impairment		
At beginning of the Year	-	-
During the year		
Amortization FY2024/25	(1,785,249)	(2,191,817)
Impairment	-	-
At end of the year	(1,785,249)	(2,191,817)
NBV as at 30th June 2025	13,138,056	9,624,305

The work in progress intangible asset relates to the internally developed Capacity Development Management Information System (CDMIS). Once completed, this system will enhance engagement with public sector accountants and internal auditors by providing an e-learning platform. It is being developed internally with the support of the ICT Authority

Public Sector Accounting Standards Board

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NOTES TO THE FINANCIAL STATEMENTS**25. Trade and Other Payables**

Description	Year ended 30 June 2025 KES	Year ended 30 June 2024 KES
Current payables		
Electricity	65,000	133,746
Retention	-	350,300
Provision for audit fees	500,000	500,000
Other payables	1,488,809	435,105
PAYE and other Payroll liabilities	1,886,312	-
Total current payables	3,940,121	1,419,151

Trade and other payables comprise electricity bills, provision of audit fees for FY 2024/2025, supply of goods and services, and payroll liabilities. All registered payables are below one month, and the board can settle them in the proceeding period. Other payables comprise trade creditors such as Kenya Airways, Alpine Coolers, and Tintin Restaurant.

26. Tax Liability

Description	Year ended 30 June 2025 KES	Year ended 30 June 2024 KES
At beginning of the year	18,268	18,268
Income tax charge for the year	1,494,246	917,532
WHT on Income deducted at source	(1,494,246)	(917,532)
Income tax paid during year	(18,268)	-
At end of the year	-	18,268

The income tax liability is the net tax as a result of the interest income earned from the monthly account balances held at the Co-operative Bank of Kenya. The tax liability is net of Withholding tax at 15% which is final tax.

NOTES TO THE FINANCIAL STATEMENTS

27. Non-current employee benefit obligations

Description	Defined benefit plan	Year ended 30 June 2024	Year ended 30 June 2024
	KES	KES	KES
Non-current benefit obligation	-	-	483,064
Total employee benefits obligation	-	-	483,064

The amount which was maintained in a separate bank account transferred to main account after settling of the staff obligation.

28. Lease Liability

Description	Amount
Lease Liability 1st July 2024	42,597,075
Principal repayment as 30 June 2025	(6,268,821)
Lease Liability As at 30th June 2025	36,328,254

Comprising:

Description	Amount
Current Lease Liability	5,661,905
Non- current Lease Liability	30,666,349
Lease Liability as at 30th June 2025	36,328,254

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. Cash Generated from Operations

Description	Period ended 30 June 2025 KES	Period ended 30 June 2024 KES
Surplus for the period before tax	41,714,330	301,349,120
Adjusted for:		
Depreciation	15,444,743	9,028,928
Non-cash grants received	(5,325,000)	(3,846,071)
Non cash Gains on provisions/interest income	(1,974,140)	(426,342)
Working Capital adjustments		
Increase in inventory	(968,598)	(2,733,258)
Decrease/Increase in receivables	654,168	(302,988)
Increase in prepayments	(1,077,218)	(3,024,609)
Increase in payables, Gratuity and Pension	8,164,607	(2,302,256)
Net cash flow from operating activities	56,632,891	297,742,524

30. Financial Risk Management

The Board's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Board's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Board 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 Board's financial risk management objectives and policies are detailed below:

i) Credit risk

The Board 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. Management assesses the credit quality of each customer, considering its financial position, past experience and other factors.

Public Sector Accounting Standards Board

Annual Report and Financial Statements for The Year Ended June 30, 2025.

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 Board's management based on prior experience and their assessment of the current economic environment.

ii) Financial Risk Management

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

Description	Total amount	Fully performing
	KES	KES
At 30 June 2025		
Receivables from - exchange transactions	10,641,983	10,641,983
Staff debtors	675,875	675,875
Bank balances	357,617,791	357,617,791
Total	368,935,649	368,935,649
At 30 June 2024		
Receivables from - exchange transactions	9,564,765	9,564,765
Staff debtors	1,330,043	1,330,043
Bank balances	318,242,893	318,242,893
Total	329,137,701	329,137,701

The fully performing category are active and realizable receivables. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Board has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors, through the risk management framework, sets the Board's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

iii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board's directors, who have built an appropriate liquidity risk management framework for the management of the Board's short, medium and long-term funding and liquidity management requirements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The board manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KES	KES	KES	KES
At 30th June 2025				
Trade payables	3,940,121	-	-	3,940,121
Employee benefit obligation	-	-	-	-
Total	3,940,121	-	-	3,940,121
At 30th June 2024				
Trade payables	1,419,151	-	-	1,419,151
Employee benefit obligation	-	-	-	-
Total	1,419,151	-	-	1,419,151

iv) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Board 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, and foreign exchange rates which will affect the Board'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 Board's Finance Department is responsible for the development of detailed risk management policy and for the day-to-day implementation of those policies. There has been no change to the Board's exposure to market risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) Foreign currency risk

The Board 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 Board 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. The Board did not have foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

vi) Interest rate risk

Interest rate risk is the risk that the Board's financial condition may be adversely affected as a result of changes in interest rate levels. The Board's interest rate risk arises from bank deposits. This exposes the Board to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Board's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates on its deposits.

Sensitivity analysis

The Board analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by 1% percentage point as a decrease/increase of KES **99,616** (2024: KES **61,168**). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KES **498,082** (2024 – KES **305,843**).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**vii) Capital Risk Management**

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

Description	Year ended 30 June 2025 KES	Year ended 30 June 2024 KES
Retained earnings	419,253,445	379,033,361
Total funds	419,253,446	379,033,361
Less: cash and bank balances	(357,617,791)	(318,242,893)
Excess cash and cash equivalents	357,617,791	318,242,893
Gearing	-	-

31. Related Party Disclosures**Nature of related party relationships**

Entities and other parties related to the Board 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.

Description	Year ended 30 June 2025 KES	Year ended 30 June 2024 KES
Transactions with related parties		
a) Grants from the Government		
Grants from National Treasury & Planning	640,590,000	650,900,000
Grants from PFMR	5,325,000	3,846,071
Total	645,915,000	654,746,071
b) Key management compensation		
Board of Directors' emoluments	8,413,000	7,043,000
Payments for Board of Directors transport and other expenses	18,226,408	11,786,514
Compensation to key management	14,422,341	19,636,636
Total	41,061,749	38,466,150

NOTES TO THE FINANCIAL STATEMENTS**Government of Kenya**

The Government of Kenya is the principal shareholder of the Board, holding 100% of the Board's equity interest.

Other related parties include:

- i) The National Treasury and Planning
- ii) National Government State Corporations
- iii) Other Ministries, Departments and Agencies
- iv) County Governments
- v) Semi-Autonomous Government Agencies
- vi) Key management; and
- vii) Board of Directors

32. Capital Commitments

Capital commitments	Year ended 30 June 2025	Year ended 30 June 2024
	KES	KES
Authorised for	-	-
Authorised and contracted for	22,430,000	-
Total	22,430,000	-

The capital commitments for the Board within the financial year ended 30th June 202 included the acquisition of Server racks for ICT servers, the procurement of IPSAS and IFRS certification training, and research works.

33. Events after the Reporting Period

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

34. Ultimate And Holding Entity

The Public Sector Accounting Standards Board is a Semi-Autonomous Government Agency under the Ministry of National Treasury and Planning. Its ultimate parent is the Government of Kenya.

35. Currency

The financial statements are presented in Kenya Shillings (KES).

Public Sector Accounting Standards Board
Annual Report and Financial Statements for The Year Ended June 30, 2025.

36. Appendix

APPENDIX 1: Implementation Status of Auditor-General's Recommendations

The Board received a clean audit report. However, the auditor had the following emphasis and key audit matter, which management implemented in the financial year.

Reference No.	Auditor Issue / Observations	Management comments	Status:	Timeframe:
Emphasis of matter 1	Under-absorption of budget and the potential impact on service delivery	Management reviewed budget implementation processes to improve execution by incorporating the balance of activities from the prior year. The budget absorption improved in the current financial year	Resolved	N/A
Emphasis of matter 2	Failure to meet targets in the annual workplans	Unachieved activities were prioritized in the current year's work plan. These were implemented prior to the current year's activities	Resolved	N/A
Key audit matters 1	Under staffing	Management got approval to recruit additional staff and address capacity gaps. After aligning with the recommended structure from public service commission - PSC, the Board shall recruit the staff to support IPSAS implementation.	In progress	Q2 FY 2025/26
Key audit matters 2	Weakness in operating environment	The National Treasury approved the appointment of substantive CEO.	Resolved	N/A

18/07/2025

Chief Executive Officer

Date: *18/07/2025*

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APPENDIX II: Projects Implemented by The Board

There were no projects implemented by the PSASB Funded by development partners and/ or the Government during FY2024/2025.

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APPENDIX III: Transfers From Other Government Entities

Name of the MDA/Donor Transferring the funds: National Treasury	Nature: Recurrent/ Development/ Others	Date received as per bank statement	Total Amount - KES	Where Recorded/ recognized				Others - must be specific	Total Transfers during the Year
				Statement of Financial Performance	Statement of financial position	Deferred Income			
Recurrent		30th September 2024	160,147,500	160,147,500	-	-		-	160,147,500
		31st December 2024	160,147,500	160,147,500	-	-		-	160,147,500
		13th February 2025	160,147,500	160,147,500	-	-		-	160,147,500
		4th June 2025	160,147,500	160,147,500	-	-		-	160,147,500
			640,590,000	640,590,000	-	-		-	640,590,000
Total									

APPENDIX V- Inter-Entity Confirmation Letter

The board did not have any inter-entity amounts disbursed to any other entity as at 30th June 2025.

APPENDIX VI: Reporting of Climate-Relevant Expenditures

The board did not incur any expenditures on any climate-relevant activities for the Year ended 30th June 2025.

APPENDIX VII: Disaster Expenditure Reporting Template

The board did not incur any expenditures relating to any disasters within the Year ended 30th June 2025.