

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND - KITUI EAST CONSTITUENCY**

THE NATIONAL GOVERNMENT DEVELOPMENT FUND	
<b>FOR THE YEAR ENDED</b>	
<b>30 JUNE, 2025</b>	
DATE:	17 FEB 2026 TUESDAY
TAKEN BY:	DEPUTY MAJORITY LEADER
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**KITUI EAST CONSTITUENCY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> JUNE 2025**

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Transitional International Public Sector Accounting Standards (IPSAS) Financial Statements

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*National Government Constituencies Development Fund (NGCDF)*  
*Kitui East Constituency*  
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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

AIE	Authority to Incur Expenditure
AC	Audit Committee
DCC	Deputy County Commissioner
IPSAS	International Public Sector Accounting Standards.
FAM	Fund Account Manager
NG-CDFB	National Government Constituencies Development Fund Board
NG-CDF	National Government Constituencies Development Fund
NG-CDFC	National Government Constituency Development Fund Committee
NSCA	National Sub-County Accountant
PFM	Public Finance Management
PMCs	Project Management Committees
PWD	Persons with Disability
FY	Financial Year

**B. Definition of Key Terms**

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

**Comparative Year-** Means the prior period.

## **2. Key Constituency Information and Management**

### **(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 (amended 2023). The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At the cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the Fund's general policy and strategic direction.

### **Mandate**

The mandate of the Fund as derived from sec (3) of the NG-CDF Act, 2015, is to:

- a) Recognize the constituency as a platform for the identification, performance, and implementation of national government functions.
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6 (3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination, and protection of the marginalized pursuant to Article 10(2)(b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10(2)(d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21(2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to exercise oversight over the performance of exclusive national government functions at the constituency level as provided for under Article 95 of the Constitution;

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- h) Authorize withdrawal of money from the Consolidated Fund as provided under Article 206(2)(c) of the Constitution;
- i) Provide mechanisms for supplementing infrastructure development at the constituency level in matters falling within the exclusive functions of the national government at that level in accordance with the Constitution;
- j) Provide a framework for citizens-led development to assist the national government in planning and prioritizing the use of its resources;
- k) Create a harmonious relationship between citizens and the national government and its officers in local development;
- l) Provide a platform for citizens' participation in service delivery;
- m) Build local accountability and transparency in the use of resources; and
- n) Provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201(b)(iii) of the Constitution.

**Vision**

Equitable Socio-economic development countrywide.

**Mission**

To provide leadership and policy direction for effective and efficient management of the Fund.

**Core Values**

1. Transparency and Accountability
2. Professionalism and Integrity
3. Commitment and Teamwork
4. Neutrality and Objectivity
5. Timeliness and Excellence
6. Advocacy for Citizen Participation

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**Functions of NG-CDF Committee**

The functions of the NG-CDF Committee are outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

**(b) Key Management**

The NG-CDF Kitui East Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

**Fiduciary Management**

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

No	Designation	Name
1.	AIE holder	Stephen Masese
2.	National Sub-County Accountant	Yvonne K. Kimanzi
3.	Chairman NGCDFC	Paul Kimeu Kitutu
4.	Member NGCDFC	Vincent Kyalo Mwandia (Operations bank account)
5.	Member NG CDFC	Breta Simba (Deposit bank account)

**(c) Fiduciary Oversight Arrangements**

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF Kitui East Constituency. The reports and recommendations of the Audit Committee, when adopted by the NGCDF Board, are forwarded to the Constituency Committee for action. The Board forwards any matters that require policy guidance to the Cabinet Secretary and National Assembly Select Committee.

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**(d) NG-CDF Kitui East Constituency Headquarters**

Kitui East Constituency Development Fund.  
P.O BOX 199-90200  
Chuluni Market,  
Near Nzambani DCC Office,  
Kitui, Kenya.

**(e) NG-CDF Kitui East Constituency Contacts**

Telephone: (254) 728992536  
E-mail: [cdfkituieast@ngcdf.go.ke](mailto:cdfkituieast@ngcdf.go.ke)  
Website: [www.cdfkituieast.go.ke](http://www.cdfkituieast.go.ke)

**(f) NG-CDF KITUI EAST Constituency Bankers**

**1. Operations Account**

Family Bank

Account Name: Kitui East NG-CDF

Account Number: 072000042714-

Kitui Branch

P.O Box 1199-90200

Kitui

**2. Deposit Account**

Family Bank

Account Name: Kitui East NG-CDF

Account Number: 072000046274-

Kitui Branch

P.O Box 1199-90200

Kitui

**3.1 PMC Accounts (Various)**

Family Bank: Account (Various)

Kitui Branch

P.O Box 108-90200

Kitui

**3.2 PMC Accounts (Various)**

Equity Bank: Account (Various)

Kitui Branch

P.O Box 1413 - 90200

Kitui

(see all the banks where the PMC has accounts as per Annex 2)

**4 Independent Auditor**



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

**5 Principal Legal Adviser**

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

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6 NGCDF Committee

Name	Details
 <p data-bbox="177 958 603 1032"><b>Paul Kimeu kitutu</b> KITUI EAST NG-CDFC Chairman</p>	<p data-bbox="627 521 1141 566"><b>Date of Birth:</b> He was Born 01.01. 1984</p> <p data-bbox="627 566 1377 622"><b>Position:</b> He is the current Kitui East NGCDFC Chairman.</p> <p data-bbox="627 633 1018 678"><b>Qualification:</b> ECDE Teacher.</p> <p data-bbox="627 689 1300 745"><b>Work Experience:</b> Has 10 years' work experience.</p>
 <p data-bbox="228 1529 598 1615"><b>Vincent Kyalo Mwandia</b> Male Adult Representative</p>	<p data-bbox="643 1014 1204 1059"><b>Date of Birth:</b> He was Born on 08.01.1986</p> <p data-bbox="643 1059 1385 1171"><b>Position:</b> Member NGCDFC and representative of Male Adult</p> <p data-bbox="643 1182 1204 1227"><b>Qualification:</b> bachelor of Education Arts</p> <p data-bbox="643 1238 1300 1283"><b>Work Experience:</b> Has 8 years' work experience</p>

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Joyce Mueni Mumo  
 Female Adult Representative

**Date of Birth:** She was born on 01.01.1962  
**Position:** Member NGCDFC representing female Adult  
**Qualification:** CPE  
**Work Experience:** Has served the Kitui East NGCDFC for 3 years.



Bretta Mbesa Simba  
 Female Adult Representative




**Date of Birth:** She was Born on 01.01.1963  
**Position:** Member NGCDFC representing female Adult  
**Qualification:** KCSE  
**Work Experience:** She is current Kitui East NGCDFC serving her third year.



Ruth Mbeti Mulatya  
 Female Youth Representative

**Date of Birth:** She was born on 15.10.1996  
**Position:** Member NGCDFC representing female youth  
**Qualification:** KCSE  
**Work Experience:** Has served the Kitui East NGCDFC for 3 years. Previously served as a PTA teacher at katumbu primary school.

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	<p><b>Date of Birth:</b> He was born on 22.06.1992</p> <p><b>Position:</b> Member NGCDFC</p> <p><b>Qualification:</b> KCSE</p> <p><b>Work Experience:</b> Has served the Kitui East NGCDFC for 3 years.</p>
	<p><b>Date of Birth:</b> 21/04/1972</p> <p><b>Position:</b> Deputy County Commissioner</p> <p><b>Qualification:</b> Bachelor of arts social work</p> <p><b>Work Experience:</b> 20 years of experience as DCC and Currently stationed at Zombe Sub-County. He is a member of the Kitui East NGCDFC.</p>
	<p><b>Date of Birth:</b> 6<sup>th</sup> February, 1979.</p> <p><b>Position:</b> Fund Account Manager</p> <p><b>Qualification:</b> Bachelor of Commerce – marketing option.</p> <p><b>Work Experience:</b> has 15 years of experience as Fund Account Manager</p>

John Kilonzo  
 Male Youth Representative

Emmanuel Mwachiro  
 Deputy County Commissionor

Stephen Onserio Masese  
 Fund Account Manager

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NG CDFC members who exited during the financial year

Name	Period Served
Mwia Mulatya	2 years

7 NG-CDFC Chairman's Report



The NG-CDFC wishes to have in summary the budget performance against actual amounts for the current financial year based on economic classification and programmes. The NG-CDFC have improved in their budget performance despite the challenges encountered during the year. The performance in all the sectors i.e. Education, Security, Bursary and other projects implemented as per the Act achieved a desirable percentage in terms of utilization.

During the financial year under review, the KITUI EAST NG-CDFC expected to operate under a total sum of Kshs.266,813,772 from the NG-CDF Board. Of the total allocation of 188,414,052 the excess funding formed part of the previous financial years' balances formerly owed by the NG-CDF Board and balance brought forward. However, the NG-CDFC managed to receive only Kshs. 196,604,584. The Constituency had a cashbook opening balance of Kshs. 6,595,136, therefore, managed to implement a number of key projects as per the proposal including disbursement of Bursary funds to needy students in various institutions, construction of chiefs' offices and also construction of classrooms in various institutions. By closure of the financial year, the NG-CDFC had remained with a balance of Ksh. 48,653,769.

The Kitui East NG-CDFC's disbursement of funds was guided by the budget proposal. The entire proposal for the Kitui East NG-CDFC could be broadly classified as follows;

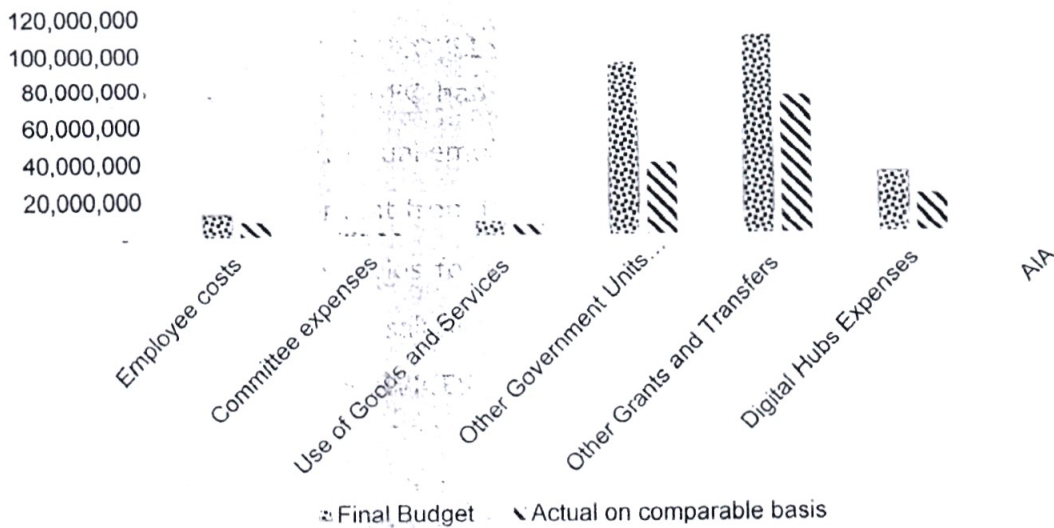
**KEY ACHIEVEMENTS BY NGCDF KITUI EAST**

- ✓ Compensation of Employees

- ✓ Committee allowances
- ✓ Other committee expenses
- ✓ Use of goods and services
- ✓ Transfers to Other Government Units
- ✓ Other grants and transfers
- ✓ Acquisition of Assets
- ✓ Other Payments

The overall receipt and expenditure per sector can be summarized as hereunder;

**FINAL BUDGET AGAINST ACTUAL EXPENDITURE**



**COMPENSATION OF EMPLOYEES**

The KITUI EAST NG-CDFC had allocated a total of Kshs. 8,771,400 towards salaries and remuneration of contractual employees during the year. There was opening balance being the outstanding disbursement from the NG-CDF Board, thus, totaling to Kshs. 13,067,712 .The NG-CDFC staff received salaries for the whole year leaving a balance of Kshs. 4,400,684 being Gratuity outstanding and salaries.

**USE OF GOODS AND SERVICES**

The KITUI EAST NG-CDFC had allocated a total of Kshs. 6,036,200 to cater for Communication, supplies and services, Printing, advertising and information supplies & services, Training expenses, Committee allowance and other committee expenses, Office and general supplies and services, Fuel, oil & lubricants, and Routine maintenance - vehicles and other transport equipment.

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During the financial year under review, the committee incurred an expense of Kshs. 2,865,379.

**TRANSFERS TO OTHER GOVERNMENT UNITS**

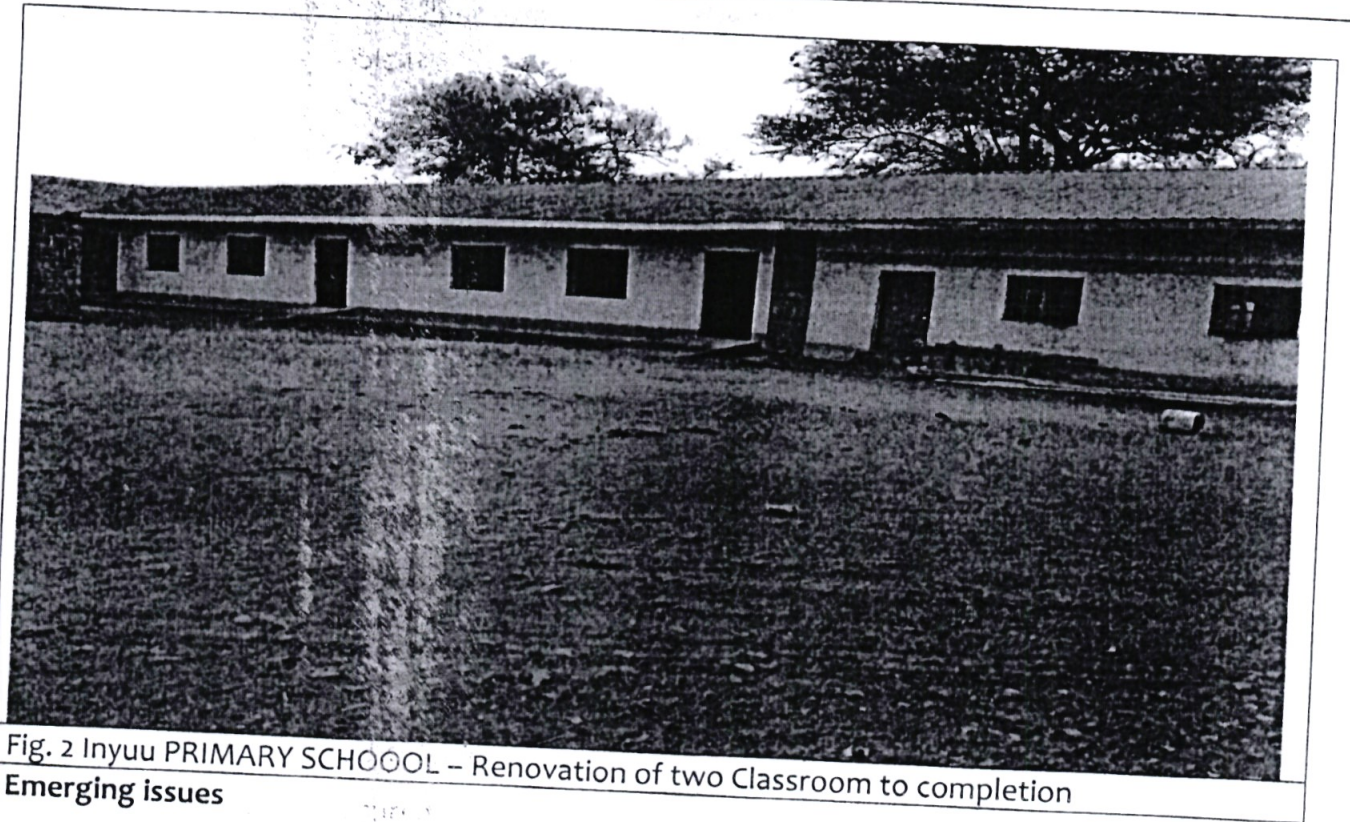
This is a composition of funds allocated to Primary schools, secondary schools and Tertiary institutions. During the year 2024/2025, the Kitui East NG-CDFC had allocated a total of Kshs. 60,500,000 towards various project activities falling under Primary schools, secondary schools and Tertiary institutions. In addition to the said allocation, the committee had Kshs. 245,051 and Kshs. 33,648,286 being the balance brought forward and outstanding disbursement from NG-CDF Board respectively. This added up to a total of Kshs. 94,393,337 that they subjected to expenditure.

On implementation, The NG-CDFC utilized a total of Kshs. 42,987,050 on primary schools' projects, secondary school projects and a tertiary institution for various activities as proposed and approved in the code list leaving a balance of Kshs. 56,352,343. This translated to 40% of the budget utilization.

Some of the Key achievements of constituency were projects that were ongoing at the closure of financial year 2024/2025 as highlighted below:



Fig. 1 St. Lawrence Kaluva secondary School – Construction to completion of 300 students capacity Dormitory



**Fig. 2 Inyuu PRIMARY SCHOOL – Renovation of two Classroom to completion**

**Emerging issues**

The following are some of the emerging issues that are experienced as a result of the current economy.

**1. Restructuring of the Education Funding**

The move by the government to restructure the education funding for the tertiary institutions through changing of the HELB funding structure has brought a lot of pressure to the NGCDF Bursary Funds as many students are now seeking for scholarships from the constituency to enable them continue with their studies.

**2. Junior Secondary School**

The introduction of the Junior Secondary School through the CBC Education system has brought a lot of pressure to the existing facilities in various primary schools. There is need for construction and equipping of new classrooms and laboratories to accommodate the students.

**3. Inflation Rates**

With the current economic position where the rate of exchange of Kenyan shillings to dollar continues to rise, there has been an increase in the cost of construction materials. Hence those projects that were submitted to the board before inflation may not be

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completed with the original budgeted cost necessitating need for variations and additional funding.

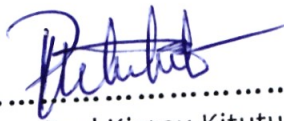
**CHALLENGES:**

- Many projects delayed due to late disbursement of public funds. We hope that this will improve to enable us do the projects in time. We have however been able to utilize the funds adequately as they are disbursed by the Board
- There is also a challenge in the education funds set for bursary. The number of needy students within Kitui East constituency is too high compared to the available funds for the same. We wish to increase the amount allocated to bursary funds in the coming financial years.
- Getting Acknowledgement Receipts from the members of the Public when they are issued with bursary has been a challenge. We have been able to disburse combined cheque to those schools that are closer or where students are many in one school and this has enabled us get a few Bursary Acknowledgement Receipts and hence meet the requirements set for the same.

**Way forward**

As we appreciate the continued support from the National Government in making slight additions to the kitty, we however regrettably wish to say that it's not enough to assist the constituency make the rapid anticipated challenge of providing proper infrastructure for the education sector and security organs. The National Government should seriously consider the re-introduction of the poverty index scheme for the distribution of the national cake.

- It's common knowledge that there is certain pocket of regions in this country that have a high poverty index like Kitui East and they have to be jump started economically to catch up with region that have huge strides in matters development.
- We remain committed as a committee to ensure that the fund makes the expected impact in the constituency in terms of enabling needy and bright students attend and complete their formal education in a convenient environment.
- We are also focused to ensure our constituency achieve the lowest regional and national crime indices



.....  
Name: Paul Kimeu Kitutu  
Chairman NGCDF Committee

## Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer, when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the **Ng-Cdf Kitui East Constituency 2022-2027** plan are to:

### 1. Education

Objective:

- To support provision of quality education, improving infrastructure and access to education.

Initiatives:

- To build, equip, furnish and renovate public Primary and Secondary schools in the constituency.
- To give bursaries to bright, needy and deserving pupils and students in secondary schools, colleges and universities; with priority to people with disability.
- To finance youth-based competency programs

### 2. Security

Objective;

- To support the national government in providing an enabling environment that enhances peace, security, efficiency and effectiveness in public administration.

Initiatives:

- To construct and equip chiefs and assistant chiefs offices for improved service delivery.
- To improve public administration infrastructure in the constituency.
- To equip, facilitate and enhance capacity of provincial administration and other security organs in order to improve service delivery and make the constituency secure.

**3. Climate Mitigation Activities**

Objective:

- To compliment environmental conservation efforts in the constituency.

Initiatives:

- Support active communities in environmental conservation.
- Install water harvesting systems in schools.
- To plant trees

**4. Staff Capacity Building**

Objective:

- To improve the capacity of NG-CDF Kitui East Committee and staff for effective and efficient running of constituency affairs.

Initiatives:

- Annual team building
- Training on corporate governance and community mobilization.
- Training on basic financial management knowledge.

**Progress on the attainment of Strategic development objectives**

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement. Below, we provide the progress on attaining the stated objectives:

Sector	Objective	Outcome	Indicator	Performance
Education	Improve performance and increase secondary and higher education transition rates	Develop and enhance schools infrastructure to enhance facilities and provide conducive learning environment for	Number of usable physical infrastructure built in primary, secondary, and tertiary institutions  Number of bursary	This financial year NG-CDF Kitui East allocated funds for construction of a total of 21 in primary schools as well as various activities in secondary schools and 2 school buses dining hall and

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		children	beneficiaries at all levels	purchase of land school. The NG-C also allocated funds to one tertiary - Nzamba kitonga KMTTC for construction of 2 lecture halls, mod Gate and 2 block toilets. Some of these projects are complete while others are still under the implementation process as the rest await for funding after disbursement of funds from NG-CDF Board
Security	Equip, facilitate and enhance capacity of provincial administration and other security organs in order to improve service delivery	Develop and enhance provincial administration and other security organs infrastructure to enhance service delivery	Number of usable physical infrastructure built in locations, sub locations and police stations	2 security projects received funds for construction and renovation. These included Koi police post – construction to completion of 4 roomed staff house and Nzambani DCC's office – construction of 6,000L septic tank, drainage, soak pit and administration block comprising of 16 offices.
Environment	Create a more sustainable and conserved environment through natural	Equip schools and public facilities with sanitation	Number of sanitation facilities built in primary and secondary	Kitui East constituency allocated funds for implementation of

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	resources conservation initiatives			36 projects under environment as a sector. The funds were meant for the purchase and planting of 200 indigenous trees and purchase and installation of 1, 10,000l tank in all schools.
Emergency	Cater for unforeseen urgencies	Reduced emergencies	number of unforeseen occurrences] in the constituency within the financial year.	PMCs for 9 projects received funding under emergency. All the projects are complete and in use.

## 9 Governance Statement

### a. NG-CDFC process of appointment

Section 43(1), (2), (3) and (4) of the National Government Constituencies Development Fund (NG-CDF) Act state that:

1. There is established a National Government Constituency Development Fund Committee for every constituency.
2. Constituency Committee shall comprise of;
  - a) the national government official responsible for co-ordination of national government functions.
  - b) two men each nominated in accordance with subsection (3), one of whom shall be a youth at the date of appointment
  - c) two women nominated in accordance with subsection (3) one of Whom shall be a youth at the date of appointment;
  - d) one person with disability nominated by a registered group representing persons with disabilities in the constituency in accordance with subsection (3);
  - e) two persons nominated by the constituency office established under Regulations made pursuant to the Parliamentary Service Act;
  - f) the officer of the Board seconded to the Constituency Committee by the Board who shall be an ex officio member without a vote.
  - g) one member co-opted by the Board in accordance with regulations made by the Board
3. The seven persons referred to in sub-section (2) (b), (d) and (e) shall be selected in such manner and shall have such qualifications as the Board may, by Regulations, prescribe.

The names of the persons selected under sub-section (3) shall be submitted by the Board to the National Assembly for approval before appointment and gazettment by the board.

The current NGCDFC members were gazetted on 21<sup>st</sup> May 2025 vide Gazette notice **Vol. CXXVII—No. 98** and the first meeting was held in 5<sup>th</sup> August 2025.

The persons appointed are drawn from different groupings as follows:

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Sno.	Name		Position
1	Paul Kimeu Kitutu	Male Adult	Chairperson
2	Vincent Kyalo Mwandia	Male Adult	Member
3	Joyce Mueni Mumo	Female Adult	Member
4	Ruth Mbeti Mulatya	Female Youth	Member
5	Bretta Mbesa Simba	Female Adult	Member
6	John Kilonzo	Male Youth	Member
7	Emmanuel Mwachiro	Deputy County Commissioner	Member
8	Stepnen Onserio Masese	Fund Account Manager	Member

**b. NG-CDFC Tenure**

The NGCDF Act 2016 on appointment of NGCDFC members states; The members of a Constituency Committee provided for Appointment of under section 43 of the Act shall be selected by a members of Constituency selection panel established under paragraph (4) upon an occurrence of a Committee vacancy in the Constituency Committee. Kenya Subsidiary Legislation, 2016 1951

(2) A vacancy shall occur in Constituency Committee upon commencement of a new parliamentary term; dissolution of a Constituency Committee; removal of a member of a Constituency committee; or the occurrence of a vacancy in a Constituency Committee.

(3) Upon the occurrence of a vacancy in a Constituency Committee, the Board shall within fourteen days, constitute a selection panel.

(4) The selection panel referred to in paragraph (1) shall consist of; —

- one person nominated by the national government official in charge of the sub-county or a designated representative, who shall be the chairperson of the selection panel;
- the Officer of the Board seconded to the Constituency who shall be the secretary to the selection panel; and
- Two persons, one of either gender, nominated by the Constituency office.

(5) The officer of the Board seconded to the Constituency shall within fourteen days of the first meeting of the selection panel invite applications from persons who qualify for appointment to a Constituency Committee in accordance with guidelines issued by the Board.

(6) The selection panel shall, within fourteen days of receiving the applications under paragraph (5), consider the applications and shall select five applicants taking into account age, gender, special interest groups and regional balance in accordance with section the Act

(7) The officer of the Board seconded to the Constituency shall within seven days of the selection process referred to in paragraph (6) submit to the Board the names of the selected candidates together with the report of the selection panel.

(8) The Board shall co-opt the person referred to in the Act to ensure equitable representation in the membership of a Constituency Committee.

(9) The Board shall, in writing, request the clerk of the National Assembly to notify the Constituency Office to nominate two persons of either gender, pursuant to section 43(2)(e) of the Act and to forward the names to the Office of the Board seconded to the Constituency.

(10) The Board shall submit the names of the seven persons selected from each Constituency in accordance with the Act to the National Assembly for Approval.

(11) The Board shall, within fourteen days after receipt of the names approved by the National Assembly, appoint the members of a Constituency Committee by notice in the Gazette.

1952 Kenya Subsidiary Legislation, 2016

The selection panel shall stand dissolved upon the appointment of the members of a Constituency Committee.

The Board shall, within fourteen days after gazettelement of the members of a Constituency Committee inform the members of their appointment in writing.

A member of a Constituency Committee who is appointed Under the Act may at any time resign from office by giving notice, in writing, to the officer of the Board and a copy thereof to the Board.

At least one of the Constituency Committee members appointed under section 43 shall be a mandatory signatory to the Constituency account

### **c. The Role of the Constituency Committee**

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The functions of the National Government Constituency Development Fund Committees members as stipulated in NG-CDF Regulations 2016(11) are;

- i. Convene public meetings in every ward in the constituency to deliberate to on development matters.
- ii. Deliberate on project proposals and any other projects considers beneficial to constituency.
- iii. List of projects to be submitted in accordance with the Act to be submitted to the Board and ensure that all proposed projects that are approved for funding meet the requirements of section 24 of the Act.
- iv. Ensure formation of project management committees, opening of project accounts, project implementation and closure of projects build the capacity of project management committees and sensitize the Community on the operations of the Fund.
- v. Ensure that all projects receive adequate funding and are completed within three years.
- vi. Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board.
- vii. Submit financial statements to the Board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act.
- viii. Recommend to the Board the removal of a committee member in accordance with section 43(13) and (14) of the Act.
- ix. Enter into performance contracting with the Board on an annual basis.

**d. Removal of a member**

Section 43(13) of the Act provides that a member of the Constituency Committee may be removed from office on any one or more of the following grounds-

- (a) Lack of integrity;
- (b) Gross misconduct;
- (c) Embezzlement of public funds;
- (d) Bringing the committee into disrepute through unbecoming personal public conduct;
- (e) Promoting unethical practices;
- (f) causing disharmony within the committee;
- (g) Physical or mental infirmity.

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A decision to remove a member under subsection (13) is made through a resolution of at least five members of the Committee and the member sought to be removed shall be given a fair hearing before the resolution is made. In Kitui East the NGCDFC has not found any member to have contravened the laid down regulations and law to warrant removal.

**e. NG-CDFC Induction and training**

In the financial year 2024/2025 the NGCDF Board organized Induction training of NG-CDFC members in Garissa between 9<sup>th</sup> and 14<sup>th</sup> July 2025. The constituency also held a capacity building activity between 11<sup>th</sup> and 13<sup>th</sup> June 2025 in the NG-CDFC Hall. During the training, critical areas such as overview of NG-CDF Act 2015 and Regulations, public finance, project planning, procurement, complaint management, and performance management were covered to equip them with the prerequisite knowledge and skills to ensure effective and efficient management of NG-CDF Kitui East.

**f. Number of meetings;**

Section 43(11) The Constituency Committee shall meet at least six times in a year but the committee shall not hold more than 24 meetings in the same financial year, including sub-committee meetings.

During the financial year 2024/2025 the NG-CDFC KITUI EAST held 12 meetings through the year for the current committee as illustrated as follows;

S.No	NG-CDFC MEMBERS	COMMITTEE	10/07/24	30/07/24	19/08/24	09/09/24	16/10/24	25/11/24	16/01/25	23/01/25	06/05/25	30/05/23	25/04/25	12/06/25
1	Paul Kimeu Kitutu		√	√	√	√	√	√	√	√	√	√	√	√
2	Vincent Kyalo Mwandia		√	√	√	√	√	√	√	√	√	√	√	√
3	Joyce Mueni Mumo		√	√	√	√	√	√	√	√	√	√	√	√
4	Ruth Mbeti Mulatya		√	√	√	√	√	√	√	√	√	√	√	√
5	Bretta Mbesa Simba		√	√	√	√	√	√	√	√	√	√	√	√
6	John Kilonzo		√	√	√	√	√	√	√	√	√	√	√	√
7	Emmanuel Mwachiro		√	√	√	√	√	√	√	√	√	√	√	√
8	Stepnen Onserio Masese		√	√	√	√	√	√	√	√	√	√	√	√

**g. Remuneration Rates**

NG-CDFC members are not entitled to payment of salary. However, the chairperson of NGCDFC is entitled to an allowance of ksh7,000 per meeting and all other members an allowance of ksh.5,000 per sitting. All NGCDFC members should adhere to general ethics and code of conduct as stipulated in the NGCDF Act.

In this financial year the NGCDFC members adhered to the cabinet secretary's circular on members sitting and field allowances.

**h. Disclose the policy on conflict of interest**

A member who has an interest in any contract, or other matter present at a meeting shall at the meeting and as soon as reasonably practicable after the commencement, disclose the fact thereof and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter. A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made. In the financial year 2024/2025 no member of NGCDFC kitui east contravened conflict of interest policy.

**i. Succession plan**

Vacancies arising as a result of the removal or end of tenure of the members of the Constituency Committee, the vacancy shall be filled in the manner set out in section 43 and minutes of the meeting shall indicate the fact of the removal or appointment of members.

**j. Ethics and code of conduct**

The NG-CDFC members shall be of good conduct and adhere to chapter six of the constitution and shall not have any trail of criminal record. Members shall not indulge in any act in contravention the act and other law, policy regulations that govern operations of NG-CDF.

**k. Risk Management**

The constituency has a risk policy which they observe and are required to maintain a risk register.

The committee has the following responsibilities

- Implementing audit findings and recommendations

- adherence and compliance with NG-CDF Act 2015 and other laws and regulations to ensure an effective and efficient control system,
- ensuring that NGCDFC members are actively engaged in the project's implementations and overall fund utilization in the constituency,
- ensuring that the staff responsible for statutory deductions are well aware of the due dates of remittance,
- allocating insurance fund in the constituency budget,
- preparation of procurement plan,
- budget and Monitoring & evaluation plan for the financial year.
- Conducting public participation within the prescribed time lines to ensure the constituents are involved in project identification.

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**10 Management Discussion and Analysis**

The National Government Constituency Development Fund has been instrumental in Kenya's development. As it has allocated billions of shillings to various constituencies since its inception. Here's an overview of KITUI East Ng-Cdf operational and financial performance over the past five years.

Financial Year	Amount allocated	AMOUNT DISBURSED	EXPENDITURE
2020/2021	137,128,879.31	137,128,879.31	137,128,879.31
2021/2022	137,088,879	137,088,879	137,088,879
2022/2023	151,690,174	151,690,174	151,690,174
2023/2024	184,129,901	178,929,901	178,929,901
2024/2025	188,414,052.19	130,000,000	58,414,052.19

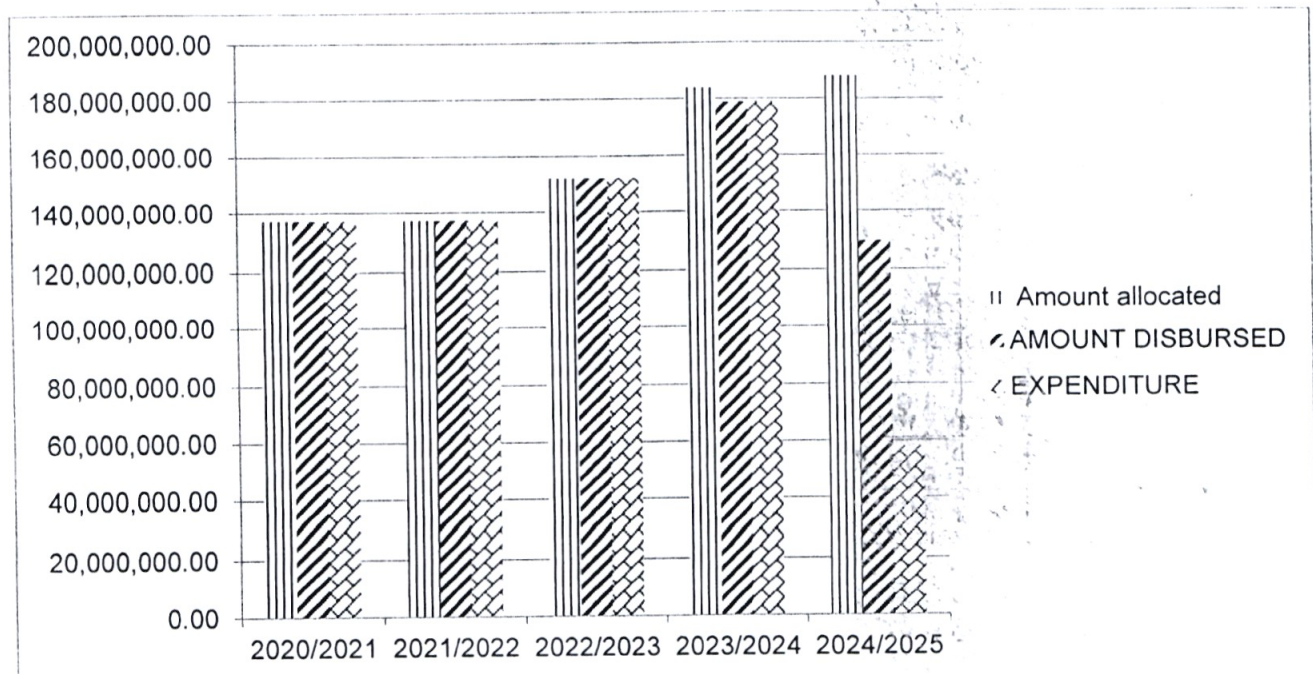


Figure 1. Kitui East NG-CDF Financial Performance

**Operational Performance:**

Kitui East NG-CDF has implemented various projects across the constituency, focusing on education, security, and infrastructure development.

The fund has been instrumental in

- a. Education: Funding schools, classrooms and bursaries
- b. Security: Constructing National Government Administration offices, chief's/assistant chief's offices and police offices.
- c. Infrastructure Development: Supporting various infrastructural projects.
- d. Climate Change Mitigation: Enhancing conservation and restoration of forests in the constituency.

**Key projects implemented or On-going.**

**1. Huduma Jitume Digital Centre - Zombe**

**Background information of Huduma Jitume Digital Centre - Zombe**

This project is complete and in use

**Location**

This project is situated at Malatani Sub-location, Zombe /Mwitika ward.

**Activities done**

- i. Construction to completion of Huduma jitume Digital Centre

**Summary of funding for the Project:**

Financial Year	Amount Disbursed	Contract (Kshs)	Sum	Project Start Date	Project Status
2023/2024	22,566,397	23,000,000		January 2025	complete

**Anticipated Project Impact**

1. Increased access to digital information and services within constituency
2. Improved economic Performance of within locality of the project

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CONSTRUCTION OF HUDUMA  
JITUME DIGITAL CENTRE ZOMBE  
FUNDED BY: NG-CDF KITUI-EAST  
F/Y-2023-2024



1. Kimangao mixed secondary school
2. Background information of Kimangao mixed secondary school

This is an old school situated in Zombe mwitika ward. It is a school with a rapid growing population. Construction of one classroom.



**Activities done**

- i. Construction to completion of two classrooms and administration block.

**Summary of funding for the one classroom:**

Financial Year	Amount Disbursed	Contract (Kshs)	Sum	Project Start Date	Project Status
2023/2024	1,400,000	,400,000		November 2024	Complete and in use

**Anticipated Project Impact**

1. the project has led to improved learning environment to learners.

**Compliance with statutory requirements**

Kitui East NG-CDF is an entity that is fully guided by the constitution of Kenya 2010, NG-CDF Act 2015, PFM Act 2012, PPADA2015 and many other relevant laws and has been in full compliance of the same.

Kitui East NG-CDF has been able to meet its obligations for instance payment of taxes like VAT withholding tax, Pay as you Earn tax among others and the constituency is committed to operate within the law even in the future.

### **Major Risks facing the Fund**

Despite its successes, NG-CDF faces challenges such as:

1. Delayed Disbursement of funds- NG-CDF has faced challenges with delayed disbursement of funds from National Treasury, which affects project implementation and service delivery
2. Inadequate Budget Allocation- The funds allocation is based on the percentage of the national revenue, which may not be sufficient to meet the development needs of constituencies.
3. Fiscal pressure- The country's fiscal pressure such as debt repayment can impact availability of funds for NG-CDF
4. Institutional Challenges- NG-CDF faces institutional challenges that hinder effective utilization of funds, including inadequate monitoring and evaluation.

### **Fund's Review on Economy**

NG-CDF has been a crucial factor in Kenya's economic development, particularly at the grassroots level. Here's a review of its economic impact:

- Funding Allocation- NG-CDF allocates funds directly to constituencies, supporting local development projects in education, infrastructure, and other essential services.
- Development projects: The fund has implemented various projects including construction of schools improving living standards and access to basic services.
- Economic Growth: By investing in local projects, NG-CDF contributes to economic growth, job creation, and poverty reduction in constituencies.

### **Future Development of the Fund**

NG-CDF in Kenya is expected to continue focusing on key areas like education, infrastructure, and economic empowerment with a growing emphasis on digital literacy and sustainable development.

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The fund will expand its reach through initiatives like constituency innovation hubs and digital hubs at the ward level to enhance access to online opportunities and improve efficiency through automation.

NG-CDF is involved in tree planting projects highlighting a growing focus on environmental sustainability.

Projects like police offices, provision of bursaries, construction of educational infrastructure, demonstrate a commitment to community development, improve security, support students' education, and improve public service.

It also partners with National Health Insurance Fund to provide health insurance to vulnerable households contributing to government's universal health coverage goals.



.....  
**Name: Stephen Masese**  
**Fund Account Manager**

## 11 Environmental and Sustainability Reporting

Kitui East NG-CDF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely, Education & Training, Security Sector Support and climate change mitigation. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

### 1. Sustainability strategy and profile -

To ensure the sustainability of Kitui East Constituency, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Kitui East Constituency's focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers, thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalized groups, including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars, NGCDF has security as a priority area with the intention to provide a better working environment for the security providers within the constituency as well as a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for law enforcement agencies while collaborating with the community in trust on matters of security.
- c. **Climate change mitigation:** The Constituency acknowledges that all its operation has an impact on the environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget to climate change mitigation activities such as afforestation, reforestation, grassroots sensitization, and tree seedling production.

## **2. Environmental performance**

Kitui East constituency allocated funds for implementation of 36 projects under environment as a sector.

The funds were meant for the purchase and planting of 200 indigenous trees and purchase and installation of 1, 10,000l tank in all schools.

## **3. Employee welfare**

We invest in providing the best working environment for our employees. Kitui East constituency recruitment is guided by Employment Act, NGCDF Act, and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one-third gender rule and special groups. We also Recognize and appreciate our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance coverage through a reliable insurance Scheme. Employees are encouraged and supported to build on their skills and knowledge continually. Kitui East constituency invests in capacity-building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross-cutting issues.

The committee has a safety policy in compliance with the Occupational Safety and Health Act of 2007 (OSHA) and has ensured the work environment is conducive to everybody's movement and accessibility within the office, including PWDs. The Constituency has also put in place disaster-mitigating measures, including fire extinguishers and accessible escape routes in case of emergency.

## **4. Marketplace practices-**

Kitui East Constituency is committed to fair and ethical market practices.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency to lift them economically. Our ethical market practices ensure the fund gets value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers, which are enhanced through organized sensitization forums on the procurement legal framework and ethical subject matters. We are dedicated to honoring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption.
- b) Good business practices, including cordial Supply chain and supplier relations, by honoring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests.

#### **5. Community Engagements-**

Kitui East Constituency has endeavored to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through community projects.

#### **Public Participation in Project Identification, Implementation, and Monitoring**

Kitui East Constituency deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituents, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long-term, was submitted to the NGCDF Board in accordance with the Act.

**Public participation** is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

The NG-CDFC engaged the community through community leaders during the bursary program to identify the needy students to be awarded the bursary.

**Public Awareness**

This includes mechanisms for participation and cooperation with local, regional, and national agencies, as well as for conducting community-based needs assessments, public awareness campaigns, and community meetings.

Kitui East Constituency has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



.....  
**Name:** Stephen Onserio Masese  
**Fund Account Manager.**

## 12 Statement Of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012, requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-Kitui East Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; 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; Safeguarding the assets of the entity; Selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Kitui East Constituency accepts responsibility for the entity's **Transitional IPSAS** financial statements. The Accounting Officer is of the opinion that the constituency's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF- Kitui East Constituency further confirms the completeness of the accounting records maintained for the constituency, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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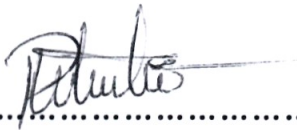
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The Accounting Officer in charge of the NGCDF Kitui East Constituency confirms that the constituency has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the constituency's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The NGCDF- Kitui East Constituency financial statements were approved and signed by the Accounting Officer on 01/12/ 2025.



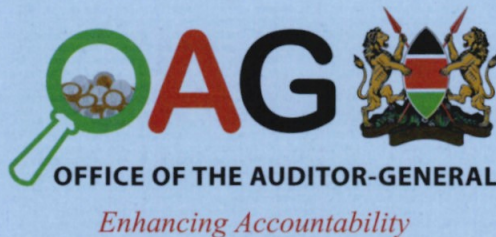
.....  
**Name:** Paul Kimeu Kitutu  
**Chairman – NGCDF Committee**



.....  
**Name:** Stephen Masese  
**Fund Account Manager**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KITUI EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying transitional International Public Sector Accounting Standards financial statements of National Government Constituencies Development

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*Report of the Auditor-General on National Government Constituencies Development Fund - Kitui East Constituency for the year ended 30 June, 2025*

Fund - Kitui East Constituency set out on pages 1 to 87, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional International Public Sector Accounting Standards financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Kitui East Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33 and comply with the National Government Constituencies Development Act, 2015, Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

### **Basis for Qualified Opinion**

#### **1. Unconfirmed Bursary Disbursements**

The statement of financial performance and as disclosed in Note 14 to the financial statements reflect other grants and transfers actual expenditure of Kshs.75,227,652 which include bursary payments totalling Kshs.36,933,000 for secondary schools. Review of payment vouchers revealed that Kshs.758,000 was disbursed to Mwitika Boys Secondary School on 28 November, 2024. However, a visit to the school in July, 2025 revealed that the school had closed down and was no longer in operation.

In the circumstances, the accuracy and completeness of other grants and transfers actual expenditure of Kshs.758,000 could not be confirmed.

#### **2. Unconfirmed Cash and Cash Equivalents Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.48,653,751 as disclosed in Note 19 to the financial statements. Included in the balance are Project Management Committee (PMC) balances totalling Kshs.13,599,288. However, the PMCs cash books and bank reconciliation statements were not provided for audit review. In addition, the PMC balances were reflected in the financial statements as per their closing bank balances instead of the PMC reconciled balances.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.13,599,288 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Kitui East Constituency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the

ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.266,813,772 and Kshs.203,199,720 respectively resulting to under-funding of Kshs.63,614,052 or approximately 24% of the budget. Similarly, the Fund expended Kshs.154,545,968 against actual receipts of Kshs.203,199,720 resulting to under absorption of Kshs.48,653,752 or approximately 24% of actual receipts.

The under-funding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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

#### **Other Information**

The Management is responsible for the Other Information set out on pages iii to xxxix which comprise of Key Constituency Information and Management, NGCDF Committee, NG-CDFC Chairman's Report, Statement of Performance Against Pre-Determined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund'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 USE OF PUBLIC RESOURCES

## Conclusion

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

## Basis for Conclusion

### 1.0 Irregularities in Procurement

The statement of financial performance reflects other grants and transfers actual expenditure of Kshs.75,227,652 which, as disclosed in Note 14 to the financial statements include climate change mitigation projects actual expenditure of Kshs.8,999,931 in respect to purchase of water tanks and supply of indigenous seedlings. Review of the project's files revealed the following anomalies:

- I. The approved code list for the financial year 2024/2025 approved thirty-six (36) distinct projects in various schools in support of Climate Change Mitigation Projects at a cost of Kshs.250,000 for each school, totalling Kshs.9,000,000. However, Project Management Committee was not constituted for each of the Project but instead Management conducted the Project through National Government Constituencies Development Fund (NGCDF) Environmental Project Management Committee which contracted one (1) supplier to supply all the thirty-six (36) approved projects. This is contrary to Regulation 15(1)(a) of the National Government Constituencies Development Fund Regulations, 2016 which stipulates that there shall be appointed a Project Management Committee for each project in a Constituency in accordance with Section 36 of the Act which shall implement projects in consultation with the relevant departments of Government.
- II. Procurement documents to confirm how the supplier was engaged including evidence of initiation of the procurement process, invitation to tender and bid documents submitted by suppliers, tender evaluation, professional opinions from Procurement Officer, notification of award, proof of regret letters sent to unsuccessful bidders and the formal contract agreement with the supplier were not provided for audit review. This is contrary to Section 96(1) of the Public Procurement and Asset Disposal Act, 2015 which stipulates that the Accounting Officer of a procuring entity shall take such steps as are reasonable to bring the invitation to tender to the attention of those who may wish to submit tenders.

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

### 2.0 Stalled Projects

The statement of financial performance reflects other Government units actual expenditure of Kshs.42,987,050 as disclosed in Note 13 to the financial statements.

However, project verification carried out in October, 2025 revealed the following stalled projects;

Project Name	Project Activity	Actual Expenditure (Kshs.)	Observation
Ithangathi Girls Secondary School	Construction to completion of 45 students' science laboratory	4,000,000	<ul style="list-style-type: none"> <li>Project stalled/ abandoned.</li> <li>Contractor not on site.</li> </ul>
Mwitika Boys Secondary School	Construction to completion of students' dormitory & purchase of 40 double decker beds	3,000,000	<ul style="list-style-type: none"> <li>Project stalled/abandoned.</li> <li>School had ceased operation.</li> </ul>
Kasunguni Primary School	Construction of dormitory	3,000,000	<ul style="list-style-type: none"> <li>Project stalled/abandoned</li> </ul>

In the circumstances, value for money totalling Kshs.10,000,000 invested in the projects could not be confirmed.

### 3.0 Unsatisfactory Implementation of Projects

#### 3.1 Climate Change Mitigation Projects

The statement of financial performance reflects other grants and transfers actual expenditure of Kshs.75,227,652 which as disclosed in Note 14 to the financial statements include climate change mitigation projects actual expenditure of Kshs.8,999,931 in respect to purchase of water tanks and supply of indigenous seedlings. Review of the expenditure revealed that there were two hundred (200) indigenous tree seedlings projects at a cost of Kshs.500 each to thirty-six (36) primary schools totalling Kshs.3,600,000. Management through the NG-CDF Environmental PMC supplied and planted indigenous tree seedlings to various schools in the Constituency under the climate change mitigation program. However, physical verification of sampled schools carried out in June, 2025 revealed the following anomalies:

Project Name	Project Activity	Amount (Kshs.)	Observation
Dcc's Office Mutitu	Purchase and planting of 200 indigenous seedlings and installation of a 10,000 Litre water tank and construction of a concrete water tank base.	250,000	Seventy-three (73) seedlings planted out of the total of 200 however, some of the seedlings had dried out
Kitho Secondary School	Purchase and planting of 200 indigenous seedlings and installation of a 10,000 Litre water tank and construction of a concrete water tank base	250,000	Distribution lists of the indigenous trees were not provided for audit review

Project Name	Project Activity	Amount (Kshs.)	Observation
Kwa-Amutei Primary	Purchase and planting of 200 indigenous seedlings and installation of a 10,000 Litre water tank and construction of a concrete water tank base	250,000	Distribution lists of the indigenous trees were not provided for audit review.
Zombe CDF Office Seedlings	Purchase and planting of 200 indigenous seedlings and installation of 1, 10,000 Litre water tank and construction of a concrete water tank base	250,000	Some of the seedlings had dried out.

Although Management indicated that the trees were drying up due to adverse weather conditions in the area, there were no measures put in place to ensure the trees grow to maturity.

### 3.2 Primary School Projects

The statement of financial performance and as disclosed in Notes 13 and 14 to the financial statements reflect other Government units and other grants and transfers actual expenditure of Kshs.42,987,050 and Kshs.75,227,652 respectively. Project verification done in October, 2025 revealed the following anomalies:

Project Name	Project Activity	Actual Expenditure (Kshs.)	Observation
Kyanika Primary	Emergency renovation of two classes	1,400,000	No branded project on renovation of two classes
Kisiuni Primary	Construction of one classroom for FY 2023/2024	1,400,000	a) No branded project for FY 2023/2024. b) Last NG-CDF Project found in the school relate to FY 2022/2023.
Malatani Primary	1. Construction of 1 class (1,400,000) and supply of 30 desks (200,000) for FY 2023/2024	200,000	a) PMC account statements reflect a transfer of Kshs.500,000 for renovation works and Kshs.200,000 for supply of desks. b) There was no NG-CDF branded project.
	2. Renovation works for one class-emergency	500,000	
Wanamba Primary	1. Construction to completion of one (1) classroom for FY 2023/2024.	1,400,000	a) Construction of one (1) classroom is incomplete: Window panes not fixed; Poor workmanship on floor - Floor is filled with sand and lacks floor screed.
		1,000,000	

Project Name	Project Activity	Actual Expenditure (Kshs.)	Observation
	2. Emergency renovation of two (2) classes		b) No branded project for emergency renovation of two (2) classrooms.

In the circumstances, value for money obtained from the projects could not be confirmed.

#### 4.0 Failure to Report Expenditure on Emergency Projects

The statement of financial performance reflects other grants and transfers actual expenditure of Kshs.75,227,652 which, as disclosed in Note 14 to the financial statements include emergency projects actual expenditure of Kshs.9,397,969 in respect to nine (9) projects. However, there was no evidence of a report to the National Government Constituencies Development Fund Board on the emergency expenditure incurred on the projects as required by Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which stipulates that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format prescribed by the Board.

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

#### 5.0 Delay in Implementation of Projects

Review of the approved code list and Project Implementation Status (PIS) report as at 30 June, 2025 revealed that the Fund allocated Kshs.96,097,232 for implementation of seventy-six (76) projects. However, only nine (9) projects with an allocation of Kshs.9,916,529 were completed, nineteen (19) projects valued at a cost of Kshs.55,010,351 had not started, forty-seven (47) projects worth Kshs.30,470,351 were ongoing and one (1) project worth Kshs.700,000 had not been approved by the NG-CDF Board. **Appendix I**

In the circumstances, value for money on the sixty-seven (67) incomplete projects valued at Kshs.86,180,702 could not be confirmed.

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

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

#### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for

Conclusion on the 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**

### **Lack of Effectiveness in Bursary Management Process**

The statement of financial performance reflects other grants and transfers actual expenditure of Kshs.75,227,652 as disclosed in Note 14 to the financial statements. Included in the amount are bursary payments totalling to Kshs.48,034,500 for secondary and tertiary schools. However, review of bursary application and vetting processes revealed that there were no criteria for vetting of the applicants, bursary issuance and award mechanisms to monitor the use of bursary funds by beneficiaries and evaluation of the impact of the bursary program.

In the circumstances, the effectiveness of internal controls on management of bursaries could not be confirmed.

The audit was conducted in accordance with ISSAIs 2315 and 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 Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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 Fund's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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


### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**05 December, 2025**

## APPENDICES

### Appendix I: Delay in Project Implementation

S.No	Project Name	Approved Activity	Amount (Kshs)	Status
<b>Ongoing Projects</b>				
1.	Koi Police Station	Construction to completion of a 4 roomed staff house	2,400,000	Ongoing
2.	Kwa-Amutei Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
3.	Kiiho Secondary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
4.	Kataka Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
5.	Kateke Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
6.	Kavaani Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
7.	Uwu Secondary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
8.	Musukini Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
9.	Makayoni Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
10.	Mitaani Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
11.	Ililuni Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
12.	Kamuusa Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
13.	Kavingo Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
14.	Matundu Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing

<b>S.No</b>	<b>Project Name</b>	<b>Approved Activity</b>	<b>Amount (Kshs)</b>	<b>Status</b>
15.	Muyuni Primary school	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
16.	Ndulani Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
17.	Makayaa Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
18.	Imale Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
19.	Ithumula Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
20.	Kikuu Secondary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
21.	Zombe Cdf office Seedling	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
22.	Mutitu DCC Office	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
23.	Kanguli Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
24.	Kyululu Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
25.	Muthungue Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
26.	Kaluli Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
27.	Makongo Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
28.	Kakame Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
29.	Masasini Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
30.	Kwa-Mailu Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing

S.No	Project Name	Approved Activity	Amount (Kshs)	Status
31.	Munguungo Primary school	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
32.	Kamaembe Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
33.	Kinzeni Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
34.	Kiini Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
35.	Syombuku Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
36.	Kwa wewa Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
37.	Kyunduani Primary School	Purchase and planting of indigenous & Supply of 10,000-liter water tank	250,000	Ongoing
38.	CDFC OFFICES	Renovation to completion of NG-CDF office	2,460,000	Ongoing
39.	Mutitu Digital Hub	Construction to Completion of a basic digital Hub	4,710,351	Ongoing
40.	Makuka Primary School	Renovation to completion of 2 No. classrooms.	1,400,000	Ongoing
41.	Yuiku Primary School	Renovation to completion of 2 No. classrooms.	1,400,000	Ongoing
42.	Kinanie Primary School	Renovation to completion of 2 No. classrooms.	1,400,000	Ongoing
43.	Mwitika Primary school	Renovation to completion of 2 No. classrooms	1,400,000	Ongoing
44.	Kenze Primary School	Renovation to completion of 2 No. classrooms	1,400,000	Ongoing
45.	Kiliku Primary School	Renovation to completion of Three classrooms.	2,100,000	Ongoing
46.	Kaluli Primary school	Renovation to completion of Three classrooms.	1,400,000	Ongoing
47.	Kilonzo Primary school	Construction to completion of One JSS Classroom	1,400,000	Ongoing
	<b>Total</b>		<b>30,470,351</b>	
<b>Not Started Projects</b>				
1.	Nzambani Deputy County Commissioners Office	Renovation to completion of Administration Block, Septic Tank & Drainage.	2,400,000	Not Started

S.No	Project Name	Approved Activity	Amount (Kshs)	Status
2.	Chuluni Digital Hub	Construction to Completion of a basic digital Hub	4,710,351	Not Started
3.	Manyoeni Primary School	Renovation to completion of 2 No. classrooms	1,400,000	Not Started
4.	Itaangani Primary School	Renovation to completion of 2 No. classrooms.	1,400,000	Not Started
5.	Yoonye Primary School	Renovation to completion of 2 No. classrooms.	1,400,000	Not Started
6.	Ngungi Primary School	Renovation to completion of 2 No. classrooms.	1,400,000	Not Started
7.	Kabati Primary School	Renovation to completion of 2 No. classrooms.	1,400,000	Not Started
8.	Inyuu Primary School	Renovation to completion of 2 No. classrooms.	1,400,000	Not Started
9.	Kyuukuni Primary School	Renovation to completion of 2 No. classrooms	1,400,000	Not Started
10.	Ikiaaya Primary School	Renovation to completion of One classroom	700,000	Not Started
11.	Imwaatane Primary School	Construction to completion of One JSS Classroom	1,400,000	Not Started
12.	Kwa Aombe Primary School	Construction to completion of One JSS Classroom	1,400,000	Not Started
13.	Ikisaya Primary School JSS	Construction to completion of One JSS Classroom	1,400,000	Not Started
14.	Matundu Primary School	Construction to completion of One JSS Classroom	1,400,000	Not Started
15.	Imbuuvu Primary School	Construction to completion of One JSS Classroom	1,400,000	Not Started
16.	Malalani Mixed Secondary School	Purchase of A 46-seater school bus	9,300,000	Not Started
17.	St. Cajetan Kyango Mixed Secondary School	Purchase of A 46-seater school bus	9,300,000	Not Started
18.	Kyanika Secondary School	Additional funds for construction of a 300 students capacity dining hall.	4,000,000	Not Started
19.	Nzamba Kitonga KMTTC (Existing)	Construction of a modern gate, 2 lecture halls, Purchase of 100 chairs and 2 toilet blocks.	7,800,000	Not Started
	<b>Total</b>		<b>55,010,351</b>	
<b>Project not Approved</b>				
	Matia Secondary School	Purchase of 2 acres piece of land	700,000	Not Approved

**National Government Constituencies Development Fund (NGCDF)**  
**Kitui East Constituency**  
**Annual Report and Financial Statements for The Year Ended June 30, 2025**

**14 Statement of Financial Performance for the Year Ended 30th June 2025**

	Note	2024/2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the NGCDF Board	6	188,414,052
Transfers from domestic and foreign partners	7	-
<b>Revenue from exchange transactions</b>		
Finance income	8	-
Miscellaneous income	9	-
<b>Total revenue</b>		<b>188,414,052</b>
<b>Expenses</b>		
Employee costs	10	9,686,678
Committee expenses	11	2,865,379
Use of Goods and Services	12	5,914,823
Other Government Units Actual expenditure	13	42,987,050
Other Grants and Transfers Actual expenditure	14	75,227,652
Depreciation and amortization expense	15	1,599,814
Digital Hubs Expenses Actual expenditure	16	20,051,311
<b>Total expenses</b>		<b>158,332,706</b>
<b>Other gains/(losses)</b>		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
<b>Surplus/(Deficit) for the year</b>		<b>30,081,346</b>

The Constituency financial statements were approved by the NGCDFC on 01/12/25 2025 and signed

by: 

Chairman NG-CDF Committee

Name: Paul Kimeu Kitutu



National Sub-County  
Accountant

Name: Yvonne K. Kimanzi  
ICPAK M/No: 17471



Fund Account Manager

Name: Stephen O. Masese

**National Government Constituencies Development Fund (NGCDF)**  
**Kitui East Constituency**  
**Annual Report and Financial Statements for The Year Ended June 30, 2025**

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( Paragraph 79 of IPSAS 33 allows for the election by an MDA to present one statement of financial performance; one statement of cash flow, one statement of net assets and the statement of financial position, and an opening statement of financial position at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made; therefore, there are no comparatives in the first year of transition.)

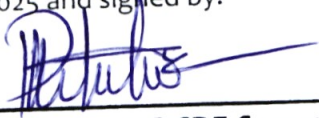
*National Government Constituencies Development Fund (NGCDF)*  
*Kitui East Constituency*  
*Annual Report and Financial Statements for The Year Ended June 30, 2025*

15 Statement Of Financial Position As At 30th June, 2025


	Note	2024/2025	Opening Statem 1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	19	48,653,751	6,595,136
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	63,614,052	71,804,584
Prepayments	22	-	299,273
<b>Total Current Assets</b>		<b>112,267,804</b>	<b>78,698,993</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	23	5,179,442	5,719,256
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
<b>Total Non- Current Assets</b>		<b>5,179,442</b>	<b>5,719,256</b>
<b>Total Assets (A)</b>		<b>117,447,246</b>	<b>84,418,249</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	26	-	-
Third Party Deposits	27	1,681,000	-
Lease Liabilities	28	-	-
Gratuity Provision	29	3,165,645	1,898,995
<b>Total Current Liabilities</b>		<b>4,846,645</b>	<b>1,898,995</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities	28	-	-
<b>Total Liabilities (B)</b>		<b>4,846,645</b>	<b>1,898,995</b>
<b>Net Assets (A-B)</b>		<b>112,600,601</b>	<b>82,519,254</b>
<b>Represented by:</b>			
Revaluation Reserves		112,600,601	82,519,254
Accumulated Surplus			
<b>Total Net Assets</b>		<b>112,600,601</b>	<b>82,519,254</b>

**National Government Constituencies Development Fund (NGCDF)**  
**Kitui East Constituency**  
**Annual Report and Financial Statements for The Year Ended June 30, 2025**

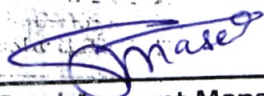
The Constituency financial statements set out on pages 1 to 24 approved by NG CDFC on 01/12/2025 and signed by:

  
Chairman NG-CDF Committee

Name: Paul Kimeu Kitutu

  
National Sub-County  
Accountant

Name: Yvonne K. Kimanzi  
ICPAK M/No: 17471

  
Fund Account Manager

Name: Stephen O. Masese

*National Government Constituencies Development Fund (NGCDF)  
Kitui East Constituency  
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**

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
Fund Balance as at 30 <sup>th</sup> June 2024	2,371,374		2,371,374
<b>Adjustments</b>			
Recognition of Assets	80,147,880		80,147,880
Recognition of Liabilities	-		-
<b>As at July 1, 2024</b>	<b>82,519,254</b>		<b>82,519,254</b>
Surplus/(Deficit) For the Period	30,081,346		30,081,346
Revaluation Gain/Loss	-	-	-
<b>As at June 30, 2025</b>	<b>112,600,601</b>	-	<b>112,600,601</b>

*National Government Constituencies Development Fund (NGCDF)  
Kitui East Constituency  
Annual Report and Financial Statements for The Year Ended June 30, 2025*

17 Statement Of Cash Flows for The Year Ended 30th June 2025

	Notes	2024/2025 Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the NGCDF Board		196,604,584
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		196,604,584
<b>Total Receipts</b>		
<b>Payments</b>		
Employee costs		8,420,028
Committee expenses		2,865,379
Use of Goods and Services		5,615,549
Other Government Units Certified Works		42,856,050
Other Grants and Transfers		75,227,652
Digital Hubs Expenses		18,501,311
<b>Total Payments</b>		<b>153,485,968</b>
<b>Net Cash Flows from/ (used in) Operating Activities</b>	30	<b>43,118,616</b>
<b>Cash flows From Investing Activities</b>		1,060,000
Purchase of PPE		-
Purchase of Intangible assets		-
Proceeds From Sale of PPE		1,060,000
<b>Net Cash Flows from Investing Activities</b>		<b>42,058,616</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		
<b>Cash Flows from Financing Activities</b>		
Lease Payment		42,058,616
<b>Net Cash Flows from Financing Activities</b>		<b>6,595,136</b>
Cash and cash equivalents at 1 July 2024	19	48,653,751
<b>Cash and cash equivalents at 30 June 2025</b>	19	

National Government Constituencies Development Fund (NGCDF)  
 Kitui East Constituency

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

18 Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024/2025	Opening Balance (C/Blk) and AIA	Previous Years' Outstanding disbursements	2024/2025	2024/2025		0
<b>Revenue</b>							
Transfers From the NGCDF Board	188,414,052	6,348,136	71,804,584	266,566,772	202,952,720	63,614,053	76%
Transfers from domestic and foreign partners	-	-	-	-	-	-	
Finance income	-	247,000	-	247,000	247,000	-	100%
Miscellaneous income	-	-	-	-	-	-	
<b>Totals</b>	<b>188,414,052</b>	<b>6,595,136</b>	<b>71,804,584</b>	<b>266,813,772</b>	<b>203,199,720</b>	<b>63,614,053</b>	<b>76%</b>
<b>Expenses</b>							
Employee costs	8,771,400	3,398,196	898,116	13,067,712	8,420,028	4,647,684	64%
Committee expenses	2,143,600	82,000	952,692	3,178,292	2,865,379	312,913	90%
Use of Goods and Services	6,036,200	436,262	2,038,945	8,511,407	5,615,549	2,895,858	66%
Other Government Units Certified Works	60,500,000	2,192,846	33,648,286	96,341,132	42,856,050	53,485,082	44%
Other Grants and Transfers	101,542,149	233,832	6,500,148	108,276,129	76,287,652	31,988,514	70%
Digital Hubs Expenses	9,420,703	5,000	22,566,397	31,992,100	18,501,311	13,490,789	58%
Funds Pending Approval**	-	247,000	5,200,000	5,447,000	-	5,447,000	0%
<b>Total Expenditure</b>	<b>188,414,052</b>	<b>6,595,136</b>	<b>71,804,584</b>	<b>266,813,772</b>	<b>154,545,968</b>	<b>112,267,840</b>	<b>58%</b>
<b>Surplus for the period</b>							

\*\*Funds pending approval are sums not yet approved by the board for utilization and include approved allocations and/or AIA not yet allocated for specific projects.  
 Explanatory Notes.

*National Government Constituencies Development Fund (NGCDF)*

*Kitui East Constituency*


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


- During the financial year, there was underutilization in compensation of employees due to unpaid gratuity and balances brought forward that increased the final budget.
- Use of goods and services were also underutilized due to late receipt of the AIEs.
- There was also underutilization in Other Government Units Certified Works, Other Grants and Transfers and digital hubs expenses. This resulted from delays in receipt of AIEs from the NG-CDF Board. As a result, there was a delay in disbursement of funds to the PMCs and subsequently, delay in procurement processes.
- The fund did not utilize the Kshs. 247,000 being AIA and other project funds amounting to Kshs. 5,200,000 awaiting approval from the NG-CDF Board.

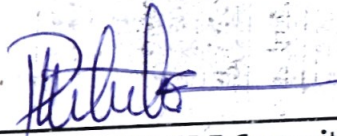
Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	112,267,840
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2025	63,614,053
Cash and Cash Equivalents at the end of the 30 <sup>th</sup> June 2025	48,653,787

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on 01/12/ 2025 and signed by:

  
 Fund Account Manager  
 Name: Stephen Masese

  
 National Sub-County Accountant  
 Name: Yvonne K. Kimanzi  
 ICPAK M/No: 17471

  
 Chairman NG-CDF Committee  
 Name: Paul Kimeu Kitutu

**18. Budget Execution by Sectors And Projects For The Year Ended 30th June 2025**

**Kitui East Constituency Development Fund (NGCDF)**  
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Programme/ Sub-programme	Original Budget		Adjustments			Final Budget	Actual on comparable basis	Budget utilization difference
	Kshs	Kshs	Opening Balance (operational, deposit and PMCs C/Bk) and AFA	Previous Years' Outstanding Disbursements				
				Kshs	Kshs			
<b>1.0 Administration and Recurrent</b>								
1.1 Compensation of employees	8,771,400	3,398,196	898,116					
1.2 Committee allowances	808,513	42,000	128,000		13,067,712	8,420,028	4,647,684	
1.3 Use of goods and services	1,229,843	130,698	325,594		978,513	665,600	312,913	
<b>Sub-total</b>	<b>10,809,756</b>	<b>3,570,894</b>	<b>1,351,710</b>		<b>15,732,360</b>	<b>10,731,865</b>	<b>5,000,495</b>	
<b>2.0 Monitoring and evaluation</b>								
2.1 Capacity building	2,019,000	223,564	600,000					
2.2 Committee allowances	1,335,087	40,000	824,692		2,842,564	638,758	2,203,806	
2.3 Use of goods and services	2,787,357	82,000	1,113,351		2,199,779	2,199,779	0	
<b>Sub-total</b>	<b>6,141,444</b>	<b>345,564</b>	<b>2,538,043</b>		<b>3,982,708</b>	<b>3,330,554</b>	<b>652,154</b>	
<b>4.0 Emergency unutilized</b>								
KITUI EAST NG CDF PMC ACCOUNT	516,529	38,748			555,277	6,169,091	2,855,960	
KYANIKA PRI. SCHOOL		106			106		555,277	
		125			1,500,125	1,500,000	106	

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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	1,500,000					125
				425		425
AIC KITHUKULU PRI.SCHOOL		425		500,000	500,000	-
MALATANI PRIMARY SCHOOL	500,000			100,000	100,000	-
KABATI MIXED SEC SCHOOL	100,000			1,400,000	1,399,058	943
MASUNGU PRI SCHOOL	1,400,000			1,400,000	1,400,000	-
YATAVU PRI SCHOOL	1,400,000			1,000,000	1,000,000	-
WANAMBA PRI.SCHOOL	1,000,000			1,000,000	999,958	43
MAKONGO ASST.CHIEF OF	1,000,000			1,500,000	1,499,477	523
AIC KITHUKULU PRIMARY SCHOOL	1,500,000			1,000,000	999,477	523
KYULULU PRIMARY SCHOOL	1,000,000			9,955,933	9,397,969	557,964
<b>Sub-total</b>	<b>9,916,529</b>	<b>39,404</b>				
<b>5.0 Bursary and Social Security</b>						
5.1 Primary Schools						

**National Government Constituencies Development Fund (NGCDF)**  
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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
5.2 Secondary Schools	53,000,000	21,163	48	53,021,211	36,933,000	16,088,211
5.3 Tertiary Institutions	20,365,620		100	20,365,720	11,101,500	9,264,220
5.4 special needs	2,000,000			2,000,000		2,000,000
5.5 Education Support Programmes				-		-
5.6 Social Security				-		-
<b>Sub-total</b>	<b>75,365,620</b>	<b>21,163</b>	<b>148</b>	<b>75,386,932</b>	<b>48,034,500</b>	<b>27,352,432</b>
<b>7.0 Environment</b>						
Amutei primary school	250,000			250,000	249,998	3
Kitho secondary school	250,000			250,000	249,998	3
Kataka primary school	250,000			250,000	249,998	3
Kateke primary school	250,000			250,000	249,998	3
Kavaani primary school	250,000			250,000	249,998	3
U'wu secondary school	250,000			250,000	249,998	3

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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
				250,000	249,998	3
Musukini primary school	250,000			250,000	249,998	3
Makayoni primary school	250,000			250,000	249,998	3
Mitaani primary school	250,000			250,000	249,998	3
Ililuni primary school	250,000			250,000	249,998	3
Kamuusa primary school	250,000			250,000	249,998	3
Kavingo primary school	250,000			250,000	249,998	3
Matundu primary school	250,000			250,000	249,998	3
Muyuni primary school	250,000			250,000	249,998	3
Ndulani primary school	250,000			250,000	249,998	3
Makayaa primary school	250,000			250,000	249,998	3
Imale primary school	250,000			250,000	249,998	3
Ithumula primary school	250,000			250,000	249,998	3
Kikuu secondary school	250,000			250,000	249,998	3

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Kitui East Constituency  
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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
					Kshs	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Zombe cdf office seedlings	250,000			250,000	249,998	3
Mutitu DCC Office	250,000			250,000	249,998	3
Kanguli primary school	250,000			250,000	249,998	3
Kyululu primary school	250,000			250,000	249,998	3
Muthungue primary school	250,000			250,000	249,998	3
Kaluli primary school	250,000			250,000	249,998	3
Makongo primary school	250,000			250,000	249,998	3
Kakame primary school	250,000			250,000	249,998	3
Masasini primary school	250,000			250,000	249,998	3
Kwa mailu primary school	250,000			250,000	249,998	3
Munguungo primary school	250,000			250,000	249,998	3
Kamaembe primary school	250,000			250,000	249,998	3

National Government Constituencies Development Fund (NGCDF)

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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Kinzeni primary school	250,000			250,000	249,998	3
Kiini primary school	250,000			250,000	249,998	3
Syombuku primary school	250,000			250,000	249,998	3
Kwa wewa primary school	250,000			250,000	249,998	3
Kyunduani Primary school	250,000			250,000	249,998	3
Malatani secondary school		27,000		27,000	21	26,998
<b>Sub-total</b>	<b>9,000,000</b>	<b>27,000</b>		<b>9,027,000</b>	<b>8,999,931</b>	<b>27,106</b>
<b>8.0 Primary Schools Projects</b>						
Makuka Primary school	1,400,000		1,400,000	2,800,000	2,799,755	245
Yiuku primary school	1,400,000			1,400,000		1,400,000
kinanie primary school	1,400,000		1,400,000	2,800,000	1,399,984	1,400,017
Manyoeni primary school	1,400,000			1,400,000		1,400,000
Itaangani Primary School	1,400,000			1,400,000		1,400,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget
					comparable basis	utilization
						difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Yoonye Primary school	1,400,000					
Ngungi Primary School	1,400,000			1,400,000		1,400,000
Kabati Primary School	1,400,000			1,400,000		1,400,000
Inyuu Primary School	1,400,000			1,400,000		1,400,000
Mwitika Primary school	1,400,000			1,400,000		1,400,000
Kenze primary school	1,400,000		1,681,606	3,081,606	3,080,465	1,141
Kyuukuni primary school	1,400,000			1,400,000	902,058	497,943
Kiliku primary school	2,100,000			1,400,000		1,400,000
Kaluli Primary School	1,400,000		1,600,000	3,700,000	3,699,173	828
Ikisaya Primary school	700,000			1,400,000	1,399,975	25
Imwaatine primary school	1,400,000			700,000		700,000
Kwa Aombe primary school	1,400,000			1,400,000		1,400,000
Ikisaya Primary school JSS	1,400,000			1,400,000		1,400,000
				1,400,000		

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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	
						1,400,000
Kilonzo primary school	1,400,000			1,400,000	1,399,575	425
Matundu primary school	1,400,000			1,400,000		1,400,000
Imbuuvu Primary School	1,400,000			1,400,000		1,400,000
Kawala primary school		1,408	1,400,000	1,401,408	1,399,058	2,350
Nzangathi primary school			1,400,000	1,400,000	1,398,748	1,253
Kasunguni primary school			3,000,000	3,000,000	2,998,755	1,245
Kaluasi primary school			270,409	270,409	269,860	549
Kisiuni primary school			1,400,000	1,400,000	1,334,002	65,998
zombe Primary school			1,666,680	1,666,680	1,665,772	908
Malatani primary school			1,200,000	1,200,000	201,884	998,117
Matia primary school			200,000	200,000		200,000
Hon. Kiema primary school			1,400,000	1,400,000	1,400,000	-

*National Government Constituencies Development Fund (NGCDF)  
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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Mutitu primary school			1,400,000	1,400,000	1,399,818	183
Nguuni Primary school			1,400,000	1,400,000	1,399,705	295
Kikuu primary school			1,600,000	1,600,000	1,598,755	1,245
Wanamba primary school			1,400,000	1,400,000	1,399,163	838
Kyamatu primary school		547,795		547,795	547,305	490
endau junior primary school		1,400,000		1,400,000	1,334,595	65,406
AIC MUTULUNI PRI.SCHOOL NG CDF PROJECT		160		160		160
INYOKONI PRIMARY SCHOOL NG CDF PROJECT		758		758		758
IVINGA NZIA PRIMARY SCHOOL NG CDF PROJECT		523		523		523
KASUNGUNI PRI.SCHOOL NG CDF PROJECT		140		140		140
KATHAMBA PRIMARY SCHOOL NG CDF		3,800		3,800		3,800
KATIKONI PRIMARY SCHOOL NG CDF PROJECT		55,586		55,586		55,586
KATOLONGWE PRIMARY SCHOOL		20,883		20,883		

National Government Constituencies Development Fund (NGCDF)

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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
						20,883
KATUNDU PRIMARY SCHOOL NG CDF		818		818		818
KISAYANI PRIMARY SCHOOL NG CDF PROJECT		46		46		46
KISIUNI PRIMARY SCHOOL NG CDF PROJECT		401		401		401
KONGOEIA PRIMARY SCHOOL NG CDF PROJECT		758		758		758
KYUSIANI PRIMARY SCHOOL NG CDF PROJECT		106		106		106
MALALANI PRIMARY SCHOOL NG CDF PROJECT		943		943		943
MALATANI PRIMARY SCHOOL NG CDF PROJECT		2,525		2,525		2,525
MALEMBWA PRIMARY SCHOOL NG CDF PROJECT		11,463		11,463		11,463
MANZINI PRIMARY SCHOOL NG CDF PROJECT		106		106		106
MASUNGU PRIMARY SCHOOL NG CDF PROJECT		85		85		85
MATIA PRIMARY SCHOOL NGCDF PROJECT		1,165		1,165		1,165
MAVULYA PRIMARY SCHOOL NG CDF PROJECT		178		178		178

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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
MUSIVA PRIMARY SCHOOL NG CDF PROJECT		761		761		761
NDALANI PRIMARY SCHOOL NG CDF PROJECT		523		523		523
NGAMU PRIMARY SCHOOL NG CDF		8,800		8,800		8,800
NGELANI PRIMARY SCHOOL NG CDF PROJECT		98,180		98,180		98,180
NGUNGI PRIMARY SCHOOL NG CDF PROJECT		106		106		106
NGUUNI PRIMARY SCHOOL NG CDF PROJECT		645		645		645
NZOOKONI PRIMARY SCHOOL NGCDF PROJECT		563		563		563
VOO PRIMARY SCHOOL		23		23		23
YATAVU PRIMARY SCHOOL		167		167	58	110
YAWII PRIMARY SCHOOL NG CDF PROJECT		826		826		826
KILONZO PRIMARY SCHOOL		509		509		509
INYUU PRIMARY SCHOOL		885		885		885
<b>Sub-total</b>	<b>29,400,000</b>	<b>2,161,631</b>	<b>23,818,695</b>	<b>55,380,325</b>	<b>33,028,458</b>	<b>885</b>

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
						22,351,867
<b>9.0 Secondary Schools Projects (List all the Projects)</b>						
Matia Secondary School	700,000	252	1,500,000	2,200,252	1,499,000	701,252
Malalani mixed Secondary School	9,300,000	1,010		9,301,010		9,301,010
St Cajetan Kyango mixed Secondary School	9,300,000			9,300,000		9,300,000
Kyanika secondary school	4,000,000			4,000,000		4,000,000
Kyululu Mixed secondary school		10	700,000	700,010	699,835	175
Ithangathi Girls sec. school		500	4,000,000	4,000,500	3,999,673	828
St. Lawrence Kaluva secondary school			1,729,592	1,729,592	1,729,000	592
Kimangao secondary school			1,400,000	1,400,000	1,399,910	90
Mwitika boys secondary school		3,796	500,000	503,796	500,175	3,621
KASANGU MIXED SECONDARY SCHOOL		24,163		24,163		24,163
KAUMU SECONDARY SCHOOL NG CDF PROJECT		46		46		46

National Government Constituencies Development Fund (NGCDF)  
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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
NGUNGI SECONDARY SCHOOL NGCDF PROJECT						
YIUKU SECONDARY SCHOOLNGCDF		878		878		878
<b>Sub-total</b>	<b>23,300,000</b>	<b>561</b>	<b>9,829,592</b>	<b>561</b>	<b>9,827,592</b>	<b>561</b>
<b>10.0 Tertiary institutions Projects (List all the Projects)</b>		<b>31,215</b>		<b>33,160,807</b>		<b>23,333,215</b>
Nzamba Kitonga KMTC	7,800,000			7,800,000		7,800,000
<b>Sub-total</b>	<b>7,800,000</b>			<b>7,800,000</b>		<b>7,800,000</b>
<b>11.0 Security Projects</b>				<b>7,800,000</b>		<b>7,800,000</b>
Koi police post	2,400,000			2,400,000		2,400,000
Nzambani Deputy County Commissioner's office	2,400,000			2,400,000	2,398,698	1,303
Nambani National treasury office			1,000,000	1,000,000	999,058	943
Kavaani assistant chief's office			1,000,000	1,000,000		1,000,000
Zombe Assistant County commissioner's office			4,500,000	4,500,000	3,999,058	500,943

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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
ENDAU POLICE STATION CDF PROJECT		1,818		1,818		1,818
ILILUNI POLICE POST NG CDF PROJECT		4,758		4,758		4,758
KINAKONI POLICE POST NGCDF PROJECT		818		818		818
MALATANI ASSISTANT CHIEF OFFICE NG CDF PROJECT		826		826		826
MATIA POLICE POST NGCDF PROJECT		445		445		445
MUTITO ASSISTANT COUNTY COMMISSIONERS OFFICE		385		385		385
MUTITU DEPUTY COUNTY COMMISSIONER OFFICE		117,761		117,761		117,761
NZAMBANI POLICE NG CDF PROJECT		474		474		474
THUA DIVISION ACC OFFICE NG CDF PROJECT		8		8		8
TWAMBUI POLICE POST NG CDF PROJECT		828		828		828
VOO ASSISTANT COUNTY COMMISSIONERS OFFICE		883		883		883
YULAMBU ASST CHIEFS OFFICE NG CDF PROJECT		163		163		163
ZOMBE CHIEFS OFFICE NGCDF		221		221		221

**National Government Constituencies Development Fund (NGCDF)**  
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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements			
PROJECT	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
ZOMBE POLICE STATION NGCDF PROJECT						221
<b>Sub-total</b>	<b>4,800,000</b>	<b>131,265</b>	<b>6,500,000</b>	<b>11,431,265</b>	<b>7,396,813</b>	<b>1,880</b>
<b>12.0 Acquisition of assets</b>						<b>4,034,453</b>
12.1 Motor Vehicles (including motorbikes)						
12.2 Purchase of furniture and fittings						
12.2 Kitui East NG-CDF office	2,460,000			2,460,000	2,458,440	1,561
12.3 Kitui East NG-CDF motor vehicle		15,000		15,000		15,000
<b>Sub-total</b>	<b>2,460,000</b>	<b>15,000</b>	<b>-</b>	<b>2,475,000</b>	<b>2,458,440</b>	<b>16,561</b>
<b>13.0 Others</b>						
Mutitu Digital Hub	4,710,351	-	-	4,710,351		4,710,351
Chuluni digital hub	4,710,351	-	-	4,710,351	4,550,475	159,876
Kitui East Huduma Jitume Digital centre, Zombe			22,566,397	22,566,397	13,950,836	8,615,561
strategic plan		5,000	-	5,000		5,000
<b>Sub-total</b>	<b>9,420,703</b>	<b>5,000</b>	<b>22,566,397</b>	<b>31,992,100</b>	<b>18,501,311</b>	<b>13,490,789</b>

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Programme/ Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Funds pending approval**			5,200,000	5,200,000		5,200,000
unapproved projects		247,000		247,000		247,000
AiA		247,000	5,200,000	5,447,000		5,447,000
<b>Sub-total</b>		247,000	71,804,584	266,813,772	154,545,950	112,267,822
<b>Total</b>	<b>188,414,052</b>	<b>6,595,136</b>				

(NB: This statement is a disclosure statement indicating the utilization in the same format as the entity's budgets which are program-based. This statement totals should tie to the totals of the Statement of Comparison of Budget and Actual Amounts)

## **19 Notes to the Financial Statements**

### **1. General information**

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NG-CDF Act 2015 (amended 2023). The NG-CDF is wholly owned by the Government of Kenya and is domiciled in Kenya. The NG-CDF KITUI EAST Constituency principal activity is to transform lives.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and the International Public Sector Accounting Standards (IPSAS). The NG-CDF Kitui East has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach. Accordingly, this is the first transitional financial statement and the following elements of the financial statements have not been fully recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33.

- **Non-Current assets:** The NG-CDF has not fully recognized all non-current assets held in FY 2024/2025 including Land and buildings. The recognition of all other non-financial assets acquired prior to the 2023/2024 financial year will be undertaken in the third year of the transition period, after the necessary identification and valuation processes have been completed.

The NG-CDF Kitui East has recognized all financial assets, including cash and cash equivalents held in the operational account, deposit account, and PMC bank accounts; receivables (amounts due from the Board and other parties); prepayments; property, plant, and equipment (PPE); and intangible assets acquired during the financial year 2023/2024 up to the reporting date.

Liabilities recognized include trade and other payables, third-party deposits, and gratuity provisions.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NG-CDF. The financial statements have been prepared in accordance with the PFM Act, the NGCDF Act, and International Public Sector Accounting

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Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**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 issued in the financial year.

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

Standard	Effective date and impact:
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. Not applicable at the Constituency
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> 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

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	performance. Not applicable at the Constituency
IPSAS 45: Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be 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. This IPSAS is applicable effective 1 <sup>st</sup> July,2025
IPSAS 46: Measurement	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> The standard also introduces a public sector specific measurement bases called the current operational value. This IPSAS is applicable effective 1st July,2025
IPSAS 47: Revenue	<b>Applicable 1<sup>st</sup> January 2026</b> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11

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	<p>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>This IPSAS is applicable effective 1st July, 2026</p>
IPSAS 48: Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>Not applicable at the Constituency</p>
IPSAS 49: Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></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>Not applicable at the Constituency</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b>Applicable 1<sup>st</sup> January 2027</b></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> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>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</li> </ol>

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	amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. Not applicable at the Constituency
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**iii. Early adoption of standards**

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

**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 Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized in the statement of financial performance upon fulfilling the conditions set. Revenue shall be recognized after allocations have been approved by the NG-CDF Board.

**ii) Revenue from exchange transactions**

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**Rental income**

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

**b) Budget information**

The original budget was approved by Parliament on 30<sup>th</sup> June 2024 for the period 1<sup>st</sup> July 2024 to 30<sup>th</sup> June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

A comparison of the actual performance against the final budget for the financial year under review has been included in the financial statements.

The financial statements are prepared on an 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 section 15 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Leases**

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

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

**e) Intangible assets**

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

**f) Financial instruments**

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

**a) Financial assets**

**Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

### **Trade and other receivables**

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

**Fair value through surplus or deficit**

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

**Impairment**

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

**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. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

**h) Provisions**

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

**i) Social Benefits**

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

**j) Contingent liabilities**

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

**k) Contingent assets**

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

**l) Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**m) 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.

**n) Related parties**

The Entity regards a related party as a person or an Entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa.

**o) 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 an insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

**p) Comparative figures**

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

**q) 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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions:**

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

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. 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.

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**6. Transfers from the NGCDF Board**

Description	2024/2025
	Kshs
NGCDFB Transfers (Allocation for the FY)	188,414,052
<b>Total</b>	<b>188,414,052</b>

**7. Transfers from domestic and foreign partners**

Description	2024/2025
	Kshs
Grants	-
<b>Total</b>	<b>-</b>

**8. Finance income**

Description	2024/2025
	Kshs
Interest Income on Bank Deposits	-
<b>Total</b>	<b>-</b>

**9. Miscellaneous income**

Description	2024/2025
	Kshs
Rental Income	-
Income from sale of tenders	-
Hire of plant/equipment/facilities	-
Other Income Not Classified Elsewhere (specify)	-
<b>Total</b>	<b>-</b>

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**10. Employees cost**

	<b>2024/2025</b>
	<b>Kshs</b>
NG-CDFC Basic staff salaries	5,676,754
Personal allowances paid as part of salary	-
House Allowance	886,950
Transport Allowance	885,000
Leave allowance	65,000
Gratuity to contractual employees	1,674,537
Employer Contributions Compulsory national social security schemes	391,064
Employer Contributions Compulsory Housing levy	107,373
Employer contributions to National Industrial Training Authority	-
Other Specify	-
<b>Total</b>	<b>9,686,678</b>

**11. Committee Expenses**

	<b>2024/2025</b>
	<b>Kshs</b>
Sitting allowance	1,569,779
Other Committee expenses	1,295,600
<b>Total</b>	<b>2,865,379</b>

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**12. Use of Goods and services**

	2024/2025
	Kshs
Utilities, supplies and services	123,825
Communication, supplies and services	433,696
Domestic travel and subsistence	703,606
Printing, advertising and information supplies & services	682,444
Office Rent	-
Training expenses	638,758
Hospitality supplies and services	299,843
Insurance costs	299,273
Specialized materials and services	-
Office and general supplies and services	254,460
Fuel, oil & lubricants	1,300,000
Bank charges	83,723
Routine maintenance – vehicles and other transport equipment	245,224
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	849,970
<b>Total</b>	<b>5,914,823</b>

**13. Other Government Units Actual expenditure**

	2024/2025
Description	Kshs
Primary Schools Actual expenditure	33,159,458
Secondary Schools Actual expenditure	9,827,592
Tertiary Institutions Actual expenditure	-
<b>Total</b>	<b>42,987,050</b>

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**14. Other Grants and transfers Actual expenditure**

	2024/2025
	Kshs
Bursary – secondary schools	36,933,000
Bursary – tertiary institutions	11,101,500
Bursary – special schools	-
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	7,396,813
Climate change mitigation projects	8,999,931
Emergency projects Actual expenditure	9,397,969
Roads projects Actual expenditure	-
Others specify	1,398,440
<b>Total</b>	<b>75,227,652</b>

**15. Depreciation and Amortization Expenses**

Description	2024/2025
	Kshs
Property Plant and Equipment	1,599,814
Intangible Assets	-
<b>Total</b>	<b>1,599,814</b>

**16. Digital Hubs Expenses**

Description	2024/2025
	Kshs
Construction/ renovation/ Actual expenditure	20,051,311
Digital Hub utility costs Water, Electricity,	-
Maintenance of ICT equipment	-
Maintenance of building	-
Others (specify)	-
<b>Total</b>	<b>20,051,311</b>

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**17. Gain/loss on Sale of Assets**

Description	2024/2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<b>Total Gain/loss on Sale of Assets</b>	-

**18. Impairment Loss**

Description	2024/2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<b>Total Impairment Loss</b>	-

**19. Cash and Cash Equivalents**

Name Of Bank and Account No.	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Bank Accounts (Cash Book Bank Balance)</b>		
Kitui East NG-CDF Account, 072000042714 (Operations account)	31,888,818	2124374.2
Operations account pending closure (Indicate name & account no.)	-	0
Kitui East NG-CDF Deposit, Account No. 072000046274 (Deposit account)	3,165,645	2145995
Name of Bank, account No. (PMC accounts)	13,599,288	2324766.5
<b>Total</b>	<b>48,653,751</b>	<b>6,595,136</b>
<b>Cash Balances</b>		
Location 1	-	-
Location 2	-	-
Other Locations (Specify)	-	-
<b>Total</b>	-	-
<b>[Provided Cash Count Certificates for Each]</b>		

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(A schedule of all reconciled PMC bank balances as at the end of the period has been provided – Annex 5)

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20. Receivables from Exchange Transactions

Description	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Total receivables</b>		-
Other exchange debtors (Specify)	(-)	(-)
Less: impairment allowance		-
<b>Total receivables</b>		-
a. Current receivables		-
b. Non-current receivables		-
<b>Total Receivables (a+b)</b>		-

i. Ageing Analysis for Receivables

Description	2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>				

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21. Receivables from Non-Exchange Transactions

Description	2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	63,614,052		71,804,584.00	
Outstanding imprest	-		-	
<b>Total</b>	<b>63,614,052</b>		<b>71,804,584</b>	
<b>Ageing Analysis- Receivables from non-exchange transactions</b>	<b>2024/2025</b>	<b>% of the total</b>	<b>Opening Balance</b>	<b>% of the total</b>
Less than 1 year	58,414,052	100 %	66,604,584	100 %
Between 1- 2 years	5,200,000	100% -	5,200,000	100%
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (a+b)</b>	<b>63,614,052</b>	<b>100%</b>	<b>71,804,584</b>	<b>100%</b>

22. Prepayments

Description	2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Prepaid Rent	-		-	
Prepaid Insurance	-		299,273	
Prepaid Electricity Costs	-		-	
Other Prepayments (Specify)	-		-	
<b>Total</b>	<b>-</b>		<b>299,273</b>	

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23. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation Rate(specify)		2%	25%	12.5%	30%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 <sup>st</sup> July 2024	-	-	7,625,675	-	-	-	-	7,625,675
Additions	-	-	300,000	760,000	-	-	-	1,060,000
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As At 30 <sup>th</sup> June 2025	-	-	7,925,675	760,000	-	-	-	8,685,675
Depreciation And Impairment								
Opening Depreciation	-	-	1,906,419	-	-	-	-	1,906,419
Depreciation	-	-	1,504,814	95,000	-	-	-	1,599,814
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At 30 <sup>th</sup> June 2025	-	-	3,411,233	95,000	-	-	-	3,506,233
Net Book Values								
Opening Bal as at 1 <sup>st</sup> July 2024	-	-	5,719,256	-	-	-	-	5,719,256
As At 30 <sup>th</sup> June 2025	-	-	4,514,442	665,000	-	-	-	5,179,442

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**Valuation**

Land and buildings/ Equipment (be specific) were valued by in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30<sup>th</sup> June 2020).

**22 b) Property, Plant and Equipment at Cost**

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

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
<b>Total</b>	-	-	-

Property plant and Equipment includes the following assets that are fully depreciated:

	<b>Cost or valuation</b>	<b>Normal annual depreciation charge</b>
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment, Furniture and Fittings	-	-
<b>Total</b>	-	-

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24. Intangible Assets

Description	2024/2025
	Kshs
<b>Cost</b>	
Opening balance at 1 <sup>st</sup> July 2024	-
Additions	-
Disposal	(-)
<b>At end of the 2025</b>	-
<b>Amortization and impairment</b>	
At beginning of the year	-
Amortization	-
<b>At end of the year</b>	-
Impairment loss	-
<b>At end of the year</b>	-
NBV at July 1 <sup>st</sup> 2024	-
NBV at June 30 <sup>th</sup> 2025	-

25. Right-of use assets

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>				
As At 1 July 2024	-	-	-	-
Additions	-	-	-	-
As At 30 June 2024	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025	-	-	-	-
<b>Accumulated Depreciation</b>				
As At 1 July 2024	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2024	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025	-	-	-	-
<b>Carrying Amount</b>				
As At 30 June 2025	-	-	-	-
As At 30 June 2024.	-	-	-	-

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**26. Trade and Other Payables**

Description	2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables	-		-	
Employee payables	-		-	
Other payables	-		-	
<b>Total trade and other payables</b>	<b>-</b>		<b>-</b>	
<b>Aging analysis: (Trade and other payables)</b>	<b>2024-2025</b>	<b>% of the Total</b>	<b>1<sup>st</sup> July</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	<b>-</b>		<b>-</b>	

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27. Third-Party deposits

	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	KShs	KShs
Retention as at 1 <sup>st</sup> July (A)	0	0
Retention held during the year (B)	1,681,000	-
Retention paid during the Year (C)	-	-
<b>Closing Retention as at 30<sup>th</sup> June D= A+B-C</b>	<b>1,681,000</b>	<b>0</b>

Retentions aging analysis.

	2024-2025	% of the total	1 <sup>st</sup> July, 2024	% of the total
Less than 1 year	1,681,000	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>1,681,000</b>	<b>100%</b>	<b>-</b>	

(The total above should be equal to the closing retention)

28. Lease Liabilities

Description	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Balance at the beginning of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	(-)	(-)
<b>At end of the year</b>	<b>-</b>	<b>-</b>

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**Maturity Analysis**

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

**Analysed as:**

Description	Amount
Current	-
Non- Current	-
Total	-

**29. Gratuity Provision**

Description	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Gratuity at the beginning of the year 1 <sup>st</sup> of July	1,898,995	1,898,995
Gratuity held during the year	1,674,537	-
Gratuity paid during the year	407,887	-
<b>Total Gratuity Provision 30th June (A+B-C)</b>	<b>3,165,645</b>	<b>1,898,995</b>

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**30. Cash Generated from Operations**

	2024/2025
	Kshs
<b>Surplus/Deficit for the year</b>	<b>30,081,346</b>
<b>Adjusted for:</b>	
Depreciation	1,599,814
Impairment	-
Gains and losses on disposal of assets	-
<b>Working capital adjustments</b>	
Changes in inventory	8,489,805
Changes in receivables	-
Changes in deferred income	1,681,000
Changes in Third party deposits	1,266,650
Changes in gratuity provision	-
Changes in payments received in advance	-
<b>Net cash flow from operating activities</b>	<b>43,118,615</b>

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

**31. Financial Risk Management**

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

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**i) Credit risk**

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

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	63,614,052	63,614,052	-	-
Bank balances	48,653,769	48,653,769	-	-
<b>Total</b>	<b>112,267,821</b>	<b>112,267,821</b>	-	-
<b>As at 30 June 2024</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	71804584	71804584	-	-
Bank balances	6595135.7	6595135.7	-	-
<b>Total</b>	<b>78399719.7</b>	<b>78399719.7</b>	-	-

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

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Trade payables	-	-	-	-
Current proportion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	3,165,645	3,165,645
Gratuity Provision	-	-	3,165,645	3,165,645
<b>Total</b>	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	1898995	1898995
Gratuity Provision	-	-	1898995	1898995
<b>Total</b>	-	-	-	-

**iii) Market risk**

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The Entity has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

## Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>Current FY</b>			
Euro	10%	-	-
USD	10%	-	-
<b>Previous FY</b>			
Euro	10%	-	-
USD	10%	-	-

### b) Interest rate risk

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

### Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

## Fair value of financial assets and liabilities

### a) Financial instruments measured at fair value.

#### Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data

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obtained from independent sources; unobservable inputs reflect the Entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Entity considers relevant and observable market prices in its valuations where possible.

**iv) Capital Risk Management**

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

Description	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Revaluation Reserve	82,519,254	82,519,254
Retained Earnings	30,081,364	-
Capital Reserve	-	-
<b>Total Funds</b>	<b>112,600,619</b>	<b>82,519,254</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	48,653,769	6595136
Net Debt/(Excess Cash and Cash Equivalents)	63,946,853	75,924,118
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

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**32. Related Party Disclosures**

	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Committee Members Remuneration</b>		
Sitting allowance of committee Members during the year	42,987,050	-
<b>Transaction with the NGCDF Board</b>		
Transfers from the NGCDF Board during the year	196,604,584.00	-
<b>Total</b>	196,604,584.00	-

**33. Segment Information**

(Where an organization operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments)

**34. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

Description	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Contingent Assets</b>		
Insurance Reimbursements	-	-
Assets Arising from Determination Of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

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**Contingent Liabilities**

Description	2024/2025	Opening Statement
	Kshs	1 <sup>st</sup> July 2024
<b>Contingent Liabilities</b>		<b>Kshs</b>
Court Case against the Entity	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**35. Capital Commitments**

Capital Commitments	2024/2025	Opening Statement 1 <sup>st</sup>
	Kshs	July 2024
Authorized for	-	-
Authorized and Contracted for	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**36. Events after the Reporting Period**

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

**37. Ultimate And Holding Entity**

The Kitui East Constituency is a Fund under The National Treasury and Planning & managed by NG-CDFB at the National level, and the NG-CDFC at the constituency level. Its ultimate parent is the Government of Kenya.

**38. Currency**

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

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20 Annexes  
**Annex 1: Summary of Asset Register**

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
	0			0
Land	23,000,000			23,000,000
Buildings and structures	9,566,241			9,566,241
Transport equipment	481,000	760000		1,241,000
Office equipment, furniture, and fittings	0			0
ICT Equipment and Other ICT Assets	0	300000		300,000
Other Machinery and Equipment	0			0
Intangible assets	0			0
<b>Total</b>	<b>33,047,241</b>	<b>1,060,000.00</b>	<b>0</b>	<b>34,107,241</b>

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**Annex 2 –PMC Bank Balances As At 30<sup>th</sup> June 2025**

PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
AIC KITHUKULU COMPREHENSIVE SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046255	948	425
AIC MUTULUNI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042882	160	160
CHULUNI DIGITAL HUB	FAMILY BANK KITUI	072000049260	159,876	
ENDAU JUNIOR SECONDARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046240	65,406	1,400,000
ENDAU POLICE STATION CDF PROJECT	FAMILY BANK KITUI	072000042800	1,818	1,818
ILILUNI POLICE POST NG CDF PROJECT	FAMILY BANK KITUI	072000042735	4,758	4,758
Imuumba Police Post	Equity Bank	0720277796605'		
INYOKONI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042979	758	758
INYUU PRIMARY SCHOOL	FAMILY BANK KITUI	072000046271	1,400,885	
ITHANGATHI GIRLS SECONDARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046226	828	500
Itikie Primary School	Equity Bank	0720282085046'		
IVINGA NZIA PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046112	523	
KALUASI PRI SCHOOL	FAMILY BANK KITUI	072000048330	549	
KALULI PRIMARY SCHOOL	FAMILY BANK KITUI	072000049214	25	
IVINGA NZIA PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046112	523	523
Kaayo Primary School	Equity Bank	0720277076711'		
Kalalani Primary School	Equity Bank	0720280868687'		
Kaliku Boys Secondary School	Equity Bank	07.2028E+11		
KAMWIU MIXED SECONDARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042954		
Kamwui Secondary School	Equity Bank	0720278649415'		
KASANGU MIXED SECONDARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042953	24,163	24,163

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PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
			1,385	140
KASUNGUNI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042925		
KATHAMBA PRIMARY SCHOOL NG CDF	FAMILY BANK KITUI	072000042743	3,800	3,800
KATIKONI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042886	55,586	55,586
Katikoni Sand Dam	Equity Bank	0720277469054'		
KATOLONGWE PRIMARY SCHOOL	FAMILY BANK KITUI	072000042884	20,883	20,883
KATOONI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042736		-
KATUNDU PRIMARY SCHOOL NG CDF	FAMILY BANK KITUI	072000042775	818	818
KAUMU SECONDARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042895	46	46
KAWALA PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042895	2,350	1,408
KENZE PRIMARY SCHOOL	FAMILY BANK KITUI	07200049220	497,943	
KIKUU PRI.SCHOOL	FAMILY BANK KITUI	072000046377	1,245	
KILIKU PRI.SCHOOL	FAMILY BANK KITUI	072000046378	828	
Kilonzo Primary School	FAMILY BANK KITUI	0720282664748'	425	
KIMANGAO MIXED SEC.SCHOOL	FAMILY BANK KITUI	072000048184	90	
KINAKONI POLICE POST NGCDF PROJECT	FAMILY BANK KITUI	072000042971	818	818
Kinanie Secondary School	Equity Bank	0720278565752'	17	
KISAYANI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000045789	46	46
KISIUNI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042948	66,399	401
KITUI EAST HUDUMA JITUME DIGITAL CENTRE	FAMILY BANK KITUI	072000048442	8,615,561	
KITUI EAST NG CDF PMC ACCOUNT	FAMILY BANK KITUI	072000045605	106	
KITUI EAST NG-CDF ENVIRONMENT PROJECT	FAMILY BANK KITUI	072000048476	70	
KOI POLICE POST	FAMILY BANK KITUI	072000048088	1,303	
KONGOEA PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042833	758	
Kitanga Primary School	Equity Bank	0720278453214'		
Kithanake Primary School	Equity Bank	0720265955294'		
KITUI EAST NG CDF PMC ACCOUNT	FAMILY BANK KITUI	072000045605		106
Kitui East Sports	Equity Bank	0720273325790'		

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PMC				
	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
Koi Primary School	Equity Bank	0720282632243'		
KONGOEA PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042833		
Kwa Kitheka-Matia Sand Dam	Equity Bank	0720284146475'		758
Kwa Samburu / Ngelani Sand Dam	Equity Bank	0720284144926'		
KYAMATU JUNIOR SECONDARY SCHOOL NG CDF	FAMILY BANK KITUI	072000046248		
KYANIKA PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000045320	490	547,795
Kyanzai Secondary School	Equity Bank	0720278653609'		
KYULULU PRIMARY SCHOOL		072000048231		
KYULULU SECONDARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046283	523	
KYUSIANI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000045991	175	10
			106	106
MAKONGO ASST.CHIEF OFFICE	FAMILY BANK KITUI	072000047644		
MAKUKA PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046236	43	
Makutano Primary School	Equity Bank	0720265267511'	245	-
MALALANI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046257	2,472	
MALATANI ASSISTANT CHIEF OFFICE NG CDF PROJECT	FAMILY BANK KITUI	072000043529	943	943
MALATANI MIXED SECONDARYNGCDF	FAMILY BANK KITUI	072000042756	826	826
MALATANI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046151	1,010	1,010
MALEMBWA PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042858	1,000,642	2,525
Manyoeni Primary School	Equity Bank	0720282941874'	11,463	11,463
MANZINI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000045990		
Masikalini Primary School	Equity Bank	0720276786036'	106	106
MASUNGU PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046083		
MASUNGU PRIMARY SCHOOL NG	FAMILY BANK KITUI	072000046083	85	85
MATIA MIXED SECONDARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042943	943	
Matia Police Post	Equity Bank	0720280249834'	1,066	66

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PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
			445	445
MATIA POLICE POST NGCDF PROJECT	FAMILY BANK KITUI	072000046111		
MATIA PRIMARY SCHOOL NGCDF PROJECT	FAMILY BANK KITUI	072000046109	1,165	1,165
Matia Secondary School	Equity Bank	0720280672289'		
Matundu Primary School	Equity Bank	0720264527323'		
MAVULYA PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042793	178	178
MUSIVA PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042850	761	761
MUTITO ASSISTANT COUNTY COMMISSIONERS OFFICE NG CDF PROJECT	FAMILY BANK KITUI	072000043702	385	385
MUTITU DEPUTY COUNTY COMMISSIONER OFFICE NGCDF PROJECT	FAMILY BANK KITUI	072000042986	117,761	117,761
MUTITU PRI. SCHOOL	FAMILY BANK KITUI	072000046422	183	
Mwitika Boys Secondary School	Equity Bank	0720281289795'		
MWITIKA BOYS SECONDARY SCHOOLNGCDF PROJECT	FAMILY BANK KITUI	072000042861	3,621	3,796
NDALANI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046123	523	523
Ngaaka Yakwa Mixed Secondary School	Equity Bank	0720277751369'		
NGAMU PRIMARY SCHOOL NG CDF	FAMILY BANK KITUI	072000042741	8,800	8,800
NGELANI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042737	98,180	98,180
NGUNGI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046221	106	106
NGUNGI SECONDARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042942	878	878
NGUUNI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000042845	645	645
NGUUNI PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000046216		
NZAMBANI POLICE NG CDF PROJECT	FAMILY BANK KITUI	072000043750	474	474
NZAMBANII SUB COUNTY N.TREASURY	FAMILY BANK KITUI	072000047239	943	

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PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
NZANGATHI PRIMARY SCHOOL NGCDF PROJECT	FAMILY BANK KITUI	072000046333	1,253	
NZOOKONI PRIMARY SCHOOL NGCDF PROJECT	FAMILY BANK KITUI	072000042867	563	563
ST. JOSEPH INYUU PRIMARY SCHOOL	FAMILY BANK KITUI	072000046271		885
ST.LAWRENCE KALUVA SEC. SCH	FAMILY BANK KITUI	0720000 48216	592	
Syombuku Primary School	Equity Bank	0720265691160		1,000,560
THUA DIVISION ACC OFFICE NG CDF PROJECT	FAMILY BANK KITUI	072000042900	818	818
TWAMBUI POLICE POST NG CDF PROJECT	FAMILY BANK KITUI	072000043527	828	828
VOO ASSISTANT COUNTY COMMISSIONERS OFFICE NG CDF PROJECT	FAMILY BANK KITUI	072000042984	883	883
VOO PRIMARY SCHOOL	FAMILY BANK KITUI	072000046117	23	23
WANAMBA PRIMARY SCHOOL NG CDF	FAMILY BANK KITUI	072000046289	848	10
Yatavu Primary School	Equity Bank	0720284029648'	110	
YATAVU PRIMARY SCHOOL	FAMILY BANK KITUI	072000045662		168
Yawii Primary School	Equity Bank	0720282002582'		
YAWII PRIMARY SCHOOL NG CDF PROJECT	FAMILY BANK KITUI	072000043590	826	826
YIUKU PRIMARY SCHOOL	FAMILY BANK KITUI	072000049322	1,400,000	
YIUKU SECONDARY SCHOOLNGCDF	FAMILY BANK KITUI	072000042742	561	561
YULAMBU ASST CHIEFS OFFICE NG CDF PROJECT	FAMILY BANK KITUI	072000046113	163	163
ZOMBE ACC OFFICE	FAMILY BANK KITUI	072000048219	943	
ZOMBE CHIEFS OFFICE NGCDF PROJECT	FAMILY BANK KITUI	072000042972	221	221

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<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2024/2025</b>	<b>Bank Balance 2023/2024</b>
ZOMBE POLICE STATION NGCDF PROJECT	FAMILY BANK KITUI	072000042965	1,880	1,880
ZOMBE PRIMARY SCHOOL	FAMILY BANK KITUI	072000046375	908	
<b>TOTAL</b>			<b>13,599,288</b>	<b>2,324,767</b>

**Annex 3: Progress On Follow Up of Auditor Recommendations**

The following is a summary of issues raised by the external auditor, management comments provided to the auditor, and subsequent progress made on resolving the issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><b>Basis for Qualified Opinion</b></p> <p><b>1. Errors in Presentation and Inaccuracies in the Financial Statements</b></p> <p>Review of the annual report and financial statements presented for audit revealed the following anomalies;</p> <p>i. The NG-CDF chairman's report indicates approved final budget of Kshs.237,537,784 in the financial year 2023/2024 which differs with the summary statement of appropriation for</p>		Not Resolved	In consultation with the OAG pending appearance before DFAC

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the year ended 30 June 2024 final budget amount of Kshs.298,584,639 resulting in unexplained difference of Kshs.61,046,855.ii.The statement of cash flows for the year ended 30 June 2024 reflects increase in accounts payable comparative balance of Kshs.372,735 which differs from the previous year audited Nil amount. Further, the statement does not include amounts for net increase in cash &amp; cash equivalents.</p> <p>iii. Explanatory notes to summary statement of appropriation in page 5 reflect that compensation of employees achieved 68% utilization while</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the summary statement of appropriation reflects 78% resulting to a variance of 10%. In addition, the notes reflect pending approval of Kshs. 247,000 while the summary statement reflects nil.</p> <p>iv. Note 13.1 on unutilized funds and 13.2 on PMC account balances to the financial statements reflects "see annex 3" and "see annex 5" respectively which differs from the corresponding annexes which are indicated as annex 1 and annex 3 respectively. V. Note 13.1 to</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the financial statements reflects unutilized fund total amounts of Kshs.74,548,693 and Kshs.99,407,319 for the financial years 2023/2024 and 2022/2023 respectively. The amounts differ with the corresponding annex 1 unutilized fund total amounts of Kshs.77,853,930 and Kshs.86,738,831 resulting in unexplained variances of Kshs.3,305,237 and Kshs.12,668,488 respectively.</p> <p>v. Annex 4. Progress on Follow up of audit recommendations</p>			

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	<p>does not include all the issues raised in the prior year audit report.</p> <p>In the circumstances, the accuracy of financial statements could not be confirmed and do not comply with the reporting template as prescribed by the Public Sector Accounting Standards Board.</p>			
2	<p><b>2. Inaccuracies in Office and General Supplies and Services</b></p> <p>The statement of receipts and payments reflects use of goods and services amount of Kshs.4,705,880 which as</p>	<p>It was an error and it was corrected .see attached code list.</p>	<p>Not Resolved</p>	<p>In consultation with the OAG pending appearance before DFAC</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>disclosed in Note 4 to the financial statements includes Kshs.357,800 in respect to office and general supplies and services. However, review of the cashbooks and ledgers revealed a total of Kshs.246,660 leading to unexplained variance of Kshs.111,140.</p> <p>In the circumstances, the accuracy and completeness of Kshs.357,800 spent on office and general supplies and services could not be confirmed.</p>			
3	<p><b>3. Stale Cheques</b></p> <p>The statement of assets and liabilities and as disclosed in Note 9 to the financial</p>	<p>The stale cheques totaling kshs.272,880 which were bursary cheques were reversed in the subsequent year in order to benefit other needy students .</p>	Not Resolved	<p>In consultation with the OAG pending appearance before DFAC</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>statements reflect bank balances of Kshs.4,270,369. Review of the bank reconciliation statements reflected unrepresented cheques amounting to Kshs.7,968,120 which included stale cheques totaling Kshs.272,880 which had not been reversed in the cash book as at the time of audit in December 2024. No explanation was provided for the unrepresented cheques and for not writing back the cheques into the cash book.</p> <p>In the circumstances, the accuracy of cash and bank balances of Kshs.4,270,369 could not be confirmed.</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	<p><b>Unsupported Project Management Committee Balances</b></p> <p>Note 13.2 and Annex 3 to the financial statements reflect Project Management Committee (PMC) bank balance of Kshs.1,568,541. However, the certificates of bank balances for the individual PMC accounts were not provided for audit review. Further, Annex 3 to the financial statements reflects Nil balances for thirty-three (33) PMC accounts whose support documents were not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of the PMC bank balance of Kshs.1,568,541 could not be confirmed.</p>	<p>At the end of the financial year we had Kshs 1,568,541.50 as PMC bank balances and during audit, we had not collected the PMC Certificates of bank balances. See Attached.</p>	Not Resolved	In consultation with the OAG pending appearance before DFAC
5	<p><b>Unsupported Intern Stipends</b></p>	<p>Kitui East NGCDF through Public Service Commission circular letter</p>	Not Resolved	In consultation with the OAG

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of receipts and payments and as disclosed in Note 2 to the financial statements reflect compensation of employees of Kshs.9,646,464. Included in the amount is Kshs.120,000 which relates to stipends paid to interns. However, personal documents of the interns, their recruitments process and details of remuneration, bank accounts and valid contracts showing the terms of engagement were not provided for audit review.</p> <p>In the circumstances, the accuracy and authenticity of expenditure on stipends to interns totaling Kshs.120,000 could not be confirmed.</p>	<p>Ref. PSC/ADM/14/V/105 dated 13<sup>th</sup> October 2016 employed Interns using approved rates and regulations. See attached documents.</p>		<p>pending appearance before DFAC.</p>
6	<p><b>Unsupported Committee Allowances</b></p> <p>The statement of receipts and</p>	<p>Financial year 2023-2024 NGCDFC used Kshs.4,343,602.00 as committee expenses however the payments were not supported by attendance register</p>	Not Resolved	<p>In consultation with the OAG pending appearance</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>payments reflects committee expenses of Kshs.4,343,602 and as disclosed in Note 3 to the financial statements. However, attendance registers and appointment letters for Constituency Oversight Committee members were not provided for audit review.</p> <p>In the circumstances, the accuracy and propriety of committee expenses totaling Kshs.4,343,602 could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund-Kitui East Constituency 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</p>	<p>but instead we used attendance list ,payment schedules and receipts .see attached .</p>		<p>before DFAC</p>

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	performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.			
7	<p><b>Emphasis of Matter</b></p> <p><b>Budgetary Control and Performance</b></p> <p>The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.298,584,639 and Kshs.226,780,055 respectively resulting to under-funding of Kshs.71,804,584 or approximately 24% of the budget.</p> <p>The under-funding may affect the planned</p>	<p>The underfunding of Kshs.71,804,584.00 was as a result of delay of funds from exchequer and the underutilization of Kshs.2,744,109 was due receipt of money late from the NG-CDF Board hence making the transfers to PMCS to spill to the next financial year.</p>		<p>In consultation with the OAG pending appearance before DFAC</p>

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	activities and may impact negatively on service delivery to the public.			
	<p><b>Unresolved Prior Year Matters</b></p> <p>In the audit report of the previous year, several issues were raised under the Report on Resources and Effectiveness of Internal Controls, Risk Management and Governance to adhere to the provisions of the Public Sector Accounting Standards Board template</p>			In consultation with the OAG pending appearance before DFAC
	<p><b>Other Information</b></p> <p>Management is responsible for the other information set out on pages iii to xvi which comprise of Key Constituency Information and Management, NG-</p>			In consultation with the OAG pending appearance before DFAC

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>CDFC Chairman's Report, Statement of Performance Against Predetermined Objectives, Governance Statement, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The other information does not include the financial statements and my audit report thereon.</p>			
	<p><b>Basis for Conclusion</b></p> <p><b>1. Lack of Approved Schedule of Meetings</b></p> <p>The statement of receipts and payments reflects committee expenses of</p>	<p>During the time of audit, NG-CDFC Kitui East had not instituted a calendar of the meeting to be held and the issue has been noted for implementation in subsequent years.</p>		<p>In consultation with the OAG pending appearance before DFAC</p>

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	<p>Kshs.4,343,602 respect of sitting allowance. However, Management did not provide an approved schedule contrary to Regulation 7(9) of the National Government Constituencies Development Fund Regulations, 2016 which states that the Secretary shall, at the beginning of every financial year, in consultation with the officer of the Board seconded to the Constituency, prepare and table before a Constituency Committee a schedule of the meetings to be held during the year.</p> <p>In the circumstances, Management was in breach of</p>			

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	the law.			
	<p><b>Unsupported Bursary Allocation</b></p> <p>The statement of financial performance reflects an expenditure of Kshs.132,960,000 in respect to other grants and other transfers which, as disclosed in Note 6 to the financial statements includes Kshs.70,298,000 and Kshs.16,289,000 relating to bursaries to secondary school and tertiary institutions respectively. However, the Ward Committee minutes provided for audit verification did not include a criteria used for bursary allocation and details</p>	<p>Bursary allocation and distribution is done through public participation where by every sub location has a bursary committee who receives bursary applications after media publicity/Barazas and public notice boards on application is done. NG CDFC advocates for bright, needy and most vulnerable groups are given first priority in the following criteria</p> <ol style="list-style-type: none"> <li>1.) Total orphan</li> <li>2.) Partial orphan</li> <li>3.) Poor (vulnerable group) with no source of income</li> <li>4.) Parent with many children in schools</li> </ol> <p>The sub-location bursary committees are also advised to award a maximum of kshs.15,000.00 to secondary schools and kshs 20,000.00 to tertiary institutions. They are also advised to consider backgrounds (status) of families when awarding.</p>		In consultation with the OAG pending appearance before DFAC

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	justifying the applicants' vulnerability. In the circumstances, the award of bursaries to the deserving applicants could not be confirmed			
3	Note 6 to the financial statements reflects security projects expenditure of Kshs.27,600,000. Included in the amount is Kshs.5,000,000 for construction to completion of Mutitu Assistant County Commissioner's Office Block. Physical verification carried out in December 2024 revealed that the site was abandoned and only the substructure and roofing works had been completed. Other works including flooring, plastering, installation of windows and doors, ceiling, plumbing and			In consultation with the OAG pending appearance before DFAC

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>electrical works had not been done. However, the contractor was paid the total sum of the contract of Kshs.5,000,000. In addition, the project had not been branded to confirm that it was funded by Kitui NG-CDF. In the circumstances, value for money on Kshs.5,000,000 spent on the project could not be confirmed.</p>			
4	<p><b>Non-Compliance with Law on Ethnic Composition and A Third Gender Rule</b></p> <p>During the year under review, the total number of employees of the Fund was fourteen (14) who were all members of the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and</p>	<p>Kitui East NG-CDFC has noted concern raised by Auditors on Third gender rule which we have agreed we shall observe in subsequent years.</p>		<p>In consultation with the OAG pending appearance before DFAC</p>

*National Government Constituencies Development Fund (NGCDF)*

*Kitui East Constituency*

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.</p> <p>In addition, only two (2) out of fourteen (14) employees or 14% were female. This is contrary to Section B.22 (2) of the Human Resource Policies and Procedures Manual for the Public Service May, 2016 which states that the Government will endeavor to have a gender balanced Civil Service by ensuring that not more than 2 /3 of positions in its establishment are filled by</p>			

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	either gender. In the circumstances, Management was in breach of the law.	Management was in breach of the law.	Not Resolved	



.....  
**Name: Stephen Masese**  
**Fund Account Manager.**

