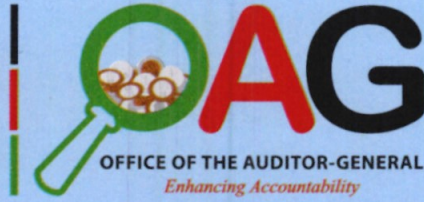


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REPORT


OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
MANDERA SOUTH CONSTITUENCY**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	11 FEB 2026 DAY <i>Wednesday</i>
TABLED BY:	<i>Hon. (Dr.) Robert Pukose on behalf of leaders of Majority</i>
CLERK-AT THE TABLE:	<i>hon/ale</i>





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

MANDERA SOUTH CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025

Transitional IPSAS Financial Statements.

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

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

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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
JSS	Junior Secondary School
MSC	Mandera South Constituency
DFAC	Decentralized Funds Accounts Committee

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;
- 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. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

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 NGCDF Mandera South 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 30th June 2025 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	AIE holder	Adan Salah Mustafa
2.	National Sub-County Accountant	John Munyao Mutonya
3.	Chairman NGCDFC	Abdirashid Maalim
4.	Member NGCDFC	Ramla Adan Ibrahim

(c) Fiduciary Oversight Arrangements

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF MANDERA SOUTH 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.

(d) NGCDF Mandera South Constituency Headquarters

P.O. Box 10-70301
NG-CDF office block
Mandera South Sub-County Headquarter
Elwak, Kenya

(e) NGCDF Mandera South Constituency Contacts

Telephone: (254) 722471247
E-mail: cdfmanderasouth@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) NGCDF Mandera South Constituency Bankers

1. Equity Bank (Kenya) Limited.
Acc No.100026117664
P.O Box 536-70300,
Equity Bank, Mandera Branch,
2. Equity Bank (Kenya) Limited. (Deposit Bank Account).
Account Number: 1000286534374
P.O. Box 536 - 70300
Equity Bank, Mandera Branch,
3. PMC Bank Accounts:
Equity Bank Kenya Limited.
Account Number: Various
P.O. Box 75- 80503
Equity Bank, Mandera Branch,

(g) Independent Auditor

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

National Government Constituencies Development Fund (NGCDF)
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Nairobi, Kenya

(h) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue





P.O. Box 40112

City Square 00200




Nairobi, Kenya

*National Government Constituencies Development Fund (NGCDF)
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3. NG- CDF Committee

	Name	Details
1	 Mr. Abdirashid Maalim Mohamed	Male Adult Representative Date of Birth: 1985 Highest Academic Qualification: Diploma Professional Qualification: Certificate Work Experience: Businessman Position: NG- CDFC Chairman
2	 Mr. Mohamed Ibrahim Abdi	Co-opted Member Date of Birth: 01/01/1953 Highest Academic Qualification: Madarasa Professional Qualification: Work Experience: Business man Position: NG- CDFC Member
3	 Mr. Shukrio Maalim Ali	PWDs Representative Date of Birth: 1962 Highest Academic Qualification: Madarasa Professional Qualification: Work Experience: Businessman Position: NG- CDFC Member
4	 Ms. Barwaqa Mohamed	Female Adult Representative Date of Birth: 01/01/1977 Highest Academic Qualification: Madarasa Professional Qualification: Work Experience: Businesswoman Position: NG- CDFC Member

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5	 <p>Ms. Fatuma Adan Alio</p>	<p>Female Adult Representative Date of Birth: 1965 Highest Academic Qualification: Madarasa Professional Qualification: Businesswoman Work Experience: Community Stakeholder Position: NG- CDFC Member</p>
6	 <p>Mr. Abass Hassan Ibrahim</p>	<p>Male Adult Representative Date of Birth: 01/01/1976 Highest Academic Qualification: KCPE Professional Qualification: Businessman Work Experience: Community leader Position: NG- CDFC Member</p>
7	 <p>Mr. Mahawia Bishar Abdi</p>	<p>Male Youth Representative Date of Birth: 02/06/2002 Highest Academic Qualification: KCSE Professional Qualification: Certificate Work Experience: Businessman Position: NG- CDFC Member</p>

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8	 <p>Ms. Ramla Adan Ibrahim</p>	<p>Female Youth Representative Date of Birth: 10/07/1992 Highest Academic Qualification: KCSE Professional Qualification: Businesswoman Work Experience: Community Services Position: NG- CDFC Secretary</p>
9	 <p>Mr. Adan Salah</p>	<p>Fund Account Manager Date of Birth: 13/03/1987 Highest Academic Qualification: Masters Professional Qualification: CPA-K Work Experience: Field Financial Services Position: Ex- Officio Member</p>

4. NG-CDFC Chairman's Report



MR. ABDIRASHID MAALIM.

It is with great pleasure that I express my heartfelt gratitude to the people of NG-CDF MANDERA SOUTH Constituency for granting me the opportunity to serve in this transformative, people-centered, nation-building role. We are delighted to present the unaudited accounts and collaborative annual report for the year ending June 30, 2025. During the current review period, delays in disbursements from the Board informs the slowness in the implementation of projects for the 2024/2025 financial year.

In the financial year 2024/2025, NG-CDF MANDERA SOUTH Constituency was allocated Kshs. 179,441,954. However, a total of Kshs. 229,507,971 was available for spending during the financial year. The allocation comprised an opening balance of Kshs. 2,066,017, Kshs. 48,000,000 still owed from the Board, and the allocation for the period.

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AFTER



BEFORE



EL-HAGARSU MIXED DAY SECONDARY SCHOOL



**TAWAKAL MIXED DAY SECONDARY SCHOOL
RENOVATION OF CLASSROOMS FY 2024/2025**



**QOLOY PRIMARY SCHOOL
CONSTRUCTION OF 2NO. CLASSROOMS FY
2024/2025**



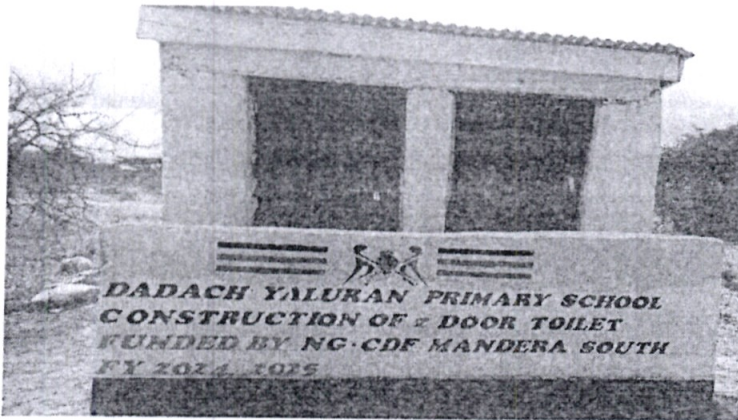
QABANAWA PRIMARY SCHOOL



DADACH YALURAN PRIMARY SCHOOL

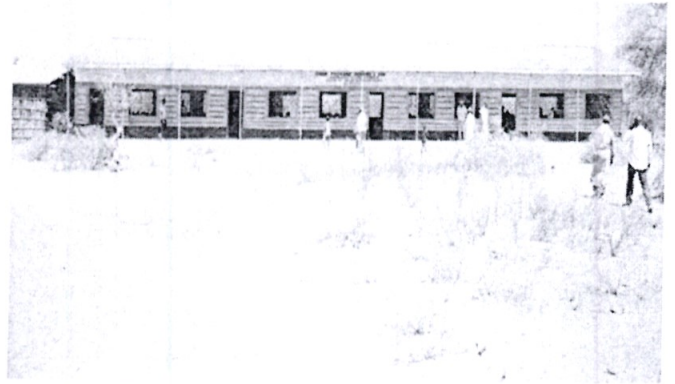
*National Government Constituencies Development Fund (NGCDF)
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CONSTRUCTION OF 2NO. DOOR TOILETS FY 2024/2025



DADACH YALURAN PRIMARY SCHOOL CONSTRUCTION OF 2NO DOOR TOILETS FY 2024/2025

CONSTRUCTION OF 2NO. CLASSROOMS FY 2024/2025



GODE JSS CONSTRUCTION OF 4NO. CLASSROOMS FY 2023/2024



GODE JSS SUPPLY OF CHAIRS AND CHAMBERS



PROJECT HANDOVER GODE JSS - CONSTRUCTION OF 4NO. CLASSROOMS FY 2023/2024

National Government Constituencies Development Fund (NGCDF)
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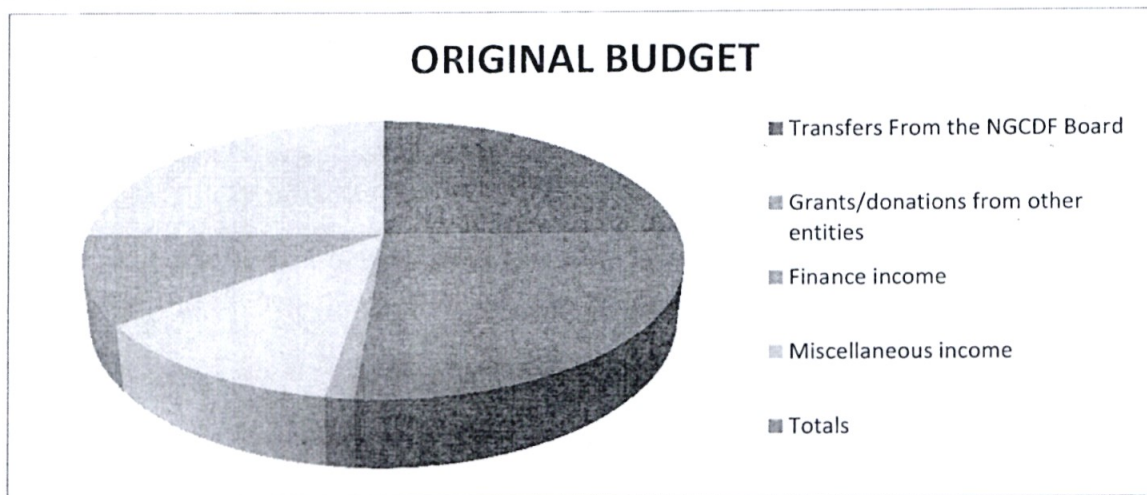


SHIMBIR FATUMA MIXED DAY SEC SCHOOL
RENOVATION OF 2NO. CLASSROOMS FY 2024/2025



ABBAY UMUR PRIMARY SCHOOL
CONSTRUCTION OF 2NO. DOOR TOILETS FY 2024/2025

Total actual expenditure for the period was Kshs. 183,764,500, translating to 48% of the final allocation. The unutilized funds of Kshs. 195,087,221 include a PMC balance of Kshs. 127,161,094.02. The slow utilization of the PMC funds resulted from delayed funding and the sluggishness in meeting some approval conditions by the PMC members. All the projects proposed by the committee for approval by the Board have been approved.



Section 81 of the Public Finance Management Act, 2012 requires National Government entities to prepare annual reports and financial statements at the end of each financial year. Further, section 81(3) mandates the entities to prepare the annual reports in formats prescribed by the Public Sector Accounting Standards (PSAS) Board, further section 39(4) of the NG- CDF Act 2015 as amended in 2023 mandates the NG- CDF Board to submit separate financial statements for the secretariat and constituencies to the Auditor General. The constituency is in compliance with the above legal requirements.

Further, the National Treasury vide Press statement released on 3rd October, 2024 announced migration from cash-based reporting. The effective date for the accrual basis was set for 1st July, 2024, with the first accrual-based financial statement expected for the financial year ending 30th June, 2025. This financial statement is a transition from cash-based to accrual based financial reporting.

Role of Citizens in Strategic plan development and Implementation

The Constitution of Kenya advocates for community participation in project formulation and implementation for ownership and sustainability. The NG-CDF Committee expects the community at the forefront of the project cycle:

1. Participate in open public meetings convened by the Chairperson of the NG-CDFC to deliberate on development matters in the constituency to facilitate in prioritization of projects;
2. To participate in project implementation by voluntarily providing locally available resources (land, materials, labor, or skills) or for pay;
3. Participate in the nomination and formation of PMCs for the purpose of implementation of the projects;
4. To provide feedback to the Board, law enforcement Agencies & the public on matters concerning the Fund;
5. Witness the commissioning of projects, issuing cheques, Launching of new projects, handing over of the project sites and complete projects to the end users, and other disbursements by the constituency committee to take over & sustain completed projects.

Summary of Key Achievements

The constituency has greatly benefited from NG-CDF notably in the sectors of education, the bursary funds have benefitted over 2758 needy students both in tertiary and secondary across the constituency during the year. The constituency also committed **Kshs 17,000,000** towards scholarship for 113 students studying degree in Education at Garrissa University and 237 students in Mandera Teacher Training College and Garissa Teacher Training College studying Diploma course to supplement Local teachers.

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 increased in the cost of construction materials. Hence those projects that were submitted to the board before inflation may not be completed with the original budgeted cost necessitating need for variations and additional funding.

IMPLEMENTATION CHALLENGES AND SOLUTIONS

- Many projects delayed due to the 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 numbers of needy students are many compared to the available funds for the same. However, we have been able to seek for help from other government organizations on the same and enable most

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of the needy students get scholarships. We also wish to increase the amount allocated to bursary funds in the coming financial years.

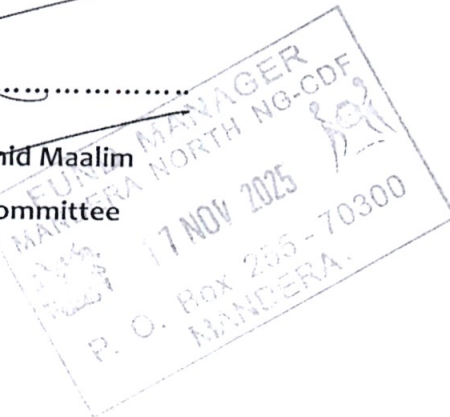
- The range of Staff Salaries amount paid to the employees at the constituency level doesn't attract those who are capable of delivering as per the requirements set by the Board. However, we have been always able to do continuous capacity Building and Training where necessary for our staff to enable them deliver.
- 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. We have also been doing civic education and awareness of the need for the bursary beneficiaries to bring back bursary acknowledgement receipts from the institutions once they have collected their cheques and taken them to schools.

Otherwise, the impact of the NG-CDF kitty is felt countrywide and we hope and pray that the fund lives longer and longer in order to impact positively more and more lives in Kenya.

I thank the people who worked tirelessly to ensure that the committee executes its mandate during the year and urge them to continue dedicating their energies towards meeting development expectations of the people of Mandera South constituency.

.....

Name: Mr. Abdirashid Maalim
Chairman NGCDF Committee



5. Statement of Performance against Predetermined Objectives for FY2024/2025

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 Mandera South *Constituency 2023-2027 plan* are to:

- a) To enhance performance in primary and secondary schools by enhancing infrastructure
- b) To improve the current security infrastructures
- c) To improve the current sports & creative art kits
- d) To improve the current environmental conservation
- e) To create new structures for governance & HR issues

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading 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:

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	- Number of physical infrastructure build in primary, secondary, and tertiary	In FY 2024/ 25 - We issued bursary to both tertiary and secondary schools There were 3,939 beneficiaries for Secondary Schools and Tertiary Institutions. The constituency also committed Ksh 17,000,000

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			institutions - A big number of beneficiaries were issued with bursary's beneficiaries at all levels	towards scholarship for 113 students studying degree in Education at Garissa University and 237 students in Mandera Teacher Training College and Garissa Teacher Training College studying Diploma course to supplement Local teachers.
Security	To have adequate infrastructure for the security groups	Increased infrastructure	No of security project implemented.	The fund for security has been disbursed and implementation of 8 projects underway.
Climate change and mitigation	Purchase and installation of gutters for water harvesting, Installation of sewer lines and purchase water tanks.	Clean environment . More clean water harvesting	Purchase and transplanting of trees	The fund for Environment has been disbursed and purchase and planting of trees in three institutions.
Emergency	The constituency spent the emergency funds on the unforeseen occurrences that affected the various institutions	Reduce loss of live and properties	Number of emergency cases solved.	We also renovated Classrooms, Computer laboratory and reroofing that were swept by storms.

6. Statement of Governance

Introduction

The NG-CDF Act 2016 on appointment of NG-CDFC member's 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.

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(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 Gazettement 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

In Mandera South, NGCDF is managed by a team of ten (10) NGCDFC members appointed in accordance with the NGCDF act 2015 as amended in 2022. The ten members comprise of seven gazetted members, a member co-opted by the NGCDF Board, the deputy County commissioner and an officer of the board at the constituency level who is an ex-officio member.

The gazetted members are appointed in accordance with the NGCDF Act 2015. They comprise of two female members one of whom must be a youth at the time of appointment and two male members one of whom must be a youth at the time of appointment and one member who is a person living with disabilities and two nominees of the Constituency office. Seven members are selected by a selection panel chaired by the Deputy County Commissioner or his nominee and the Officer of the board is the secretary. The Officer of the board invites applications from persons who qualify for appointment within fourteen of the first meeting of the selection panel. The panel considers all applications and selects five applicants considering age, gender social interest and regional balance, the officer of the board submits the five qualified applicants to the

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board for appointment. The board co-opts one person to ensure equity in representation in the committee. Through the national assembly the constituency office nominates two persons of either gender to and forward he names to the officer of the board at the constituency. All the names of the seven appointees are presented to parliament for approval and subsequent gazettelement.

The National Government Constituencies Development Fund Act 2015 (Amended 2016) in section 43 and its regulations provides for establishment of National Government Constituency Development Committee (NG-CDFC) for every constituency. The officer of the board facilitated the process of nomination of the NG CDFC for onward forwarding to the board for appointment through gazette notice.

Further the NG CDF regulations requires that one to serve as member of the NGCDF committee he or she must be (a) citizen of Kenya, (b) ordinarily resident voter of the constituency, (c) able to read and write and communicate in English and Kiswahili, (d) meet the chapter six of the constitution, (e) available to participate in the activities of the constituency (f) for youth nominee he or she must have attained age of 18 years but below age of 35yrs and (g) for persons with disability nominee must be nominated by a registered group representing persons with disability within the constituency. In the month of December 2024, due to change of expire of the contract period, the serving committee was phased off. This caused Mandera South NG-CDF office to carry out an appointment of the new committee. The panel invited through advertisement publicised in mosques and churches, public offices, notice boards and other public areas in the constituency in the month of December 2024.

In Mandera South constituency, the selection panel invited interested and qualified members of the public for appointment to the NG-CDF committee.

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Process

To facilitate this, the selection panel is invited interested and qualified members of the public for appointment to the NGCDF committee. Mandera South invited through advertisement publicised in churches, public offices notice boards and other public areas in the constituency.

The selection panel developed a short listing criterion which enabled picking of the nominees.

S/N	Name	Category representation	Ward
1.	Abdrashid Maalim Mohamed	Male (Adult)	Elwak North
2.	Mahawia Bashir Abdi	Male (Youth)	Wargadud
3.	Fatuma Adan Alio	Female (Adult)	Elwak South
4.	Ramla Adam Ibrahim	Female (Youth)	Elwak South
5.	Abass Hassan Ibrahim	Male representative	Kutulo
6.	Barwaqa Mohamed Adan	Female Representative	Shimbir Fafuma

Nominee of the body representing persons with disability

S/N	Name	Nature of physical Impairment	Ward
1.	Shukrio Maalim Ali	One leg out	Elwak North

Upon further consultation with the panel and the constituency office, members agreed to recommend for co-option by the NG-CDF Board as per section 43 subsection 2(g) as

S/N	Name	Gender	Ward
1.	Mohamed Ibrahim Abdi	Male	Elwak south

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The members went through the process electing the chairperson and the secretary of the committee. The following members were elected.

1. Chairperson position –Abdirashid Maalim Mohamed
2. Secretary position –Ramla Adan Ibrahim

The board presented the names of the above selected members to the national assembly for approval. The members were approved and gazetted through gazette number 6462 Vol.-CXXVII 98 on 21st May 2025. The first Meeting was held on 26th, May 2025.

The term of office for the members of the Constituency Committee is two years and will be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act.

Roles and functions of NG-CDFC

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.

Removal of NG-CDFC Members

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 practises; (causing disharmony within the committee).
- (g) Physical or mental infirmity.

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 Mandera South the NGCDFC has not found any member to have contravened the laid down regulations and law to warrant removal.

Training of NG-CDFC Members

In the financial year 2024/2025 the NGCDF Board organized training of NGCDFC members Palm Oasis hotel Garissa. The constituency also held a capacity building activity in June 2025 at Sai Rock Beach Hotel – Mombasa (from 10th June to 14th June 2025) During the training, critical areas such as public finance, project planning, procurement, complaint management, performance management were covered to equip them with the prerequisite knowledge and skills to ensure effective and efficient management of NG-CDF Mandera South.

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Number of meetings held

According to the NGCDF Act 2015 amended in 2022, the NGCDF Committee is required to hold a maximum of 18 meetings in a year including any subcommittee meetings. The Constituency Committee shall meet at least six times in a year but the committee shall not hold more than twenty-four meetings in the same financial year, including sub-committee meetings.

During the financial year 2024/2025 the NGCDFC Mandera South held sixteen meetings and two sub-committee meetings.

S/NO	NG-CDFC COMMITTEE MEMBERS	Aug 12 th 2024	Sept 6 th 2024	Oct 16 th 2024	Nov 28 th 2024	Nov 30 th 2024	JAN 30 th 2025	Feb 19 th 2025	Mar 10 th 2025	Apr 1 3 rd 2025	Apr 29 th 2025	May 26 th 2025	May 29 th 2025	June 10 th 2025	JUN 24 th 2025
1.	Abdrashid Maalim Mohamed- chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Ramla Adam Ibrahim Secretary	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3.	Mahawia Abdi				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4.	Fatuma Adan Alio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5.	Shukrio Maalim Ali				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6.	Abbas Hassan Ibrahim	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7.	Barwaqa Mohamed Adam				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.	Mohamed Ibrahim Abdi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9.	Tobias Otunga DCC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Member's remuneration

NG-CDFC members are not entitled to payment of salary Members are remunerated as per the Act where the chairperson receives Kshs: 7,000/= and other members are remunerated at a flat rate of Ksh: 5,000/=on the meetings held and, on any activity, as they may hold in the constituency.

Disclose Policy on Conflict of Interest

A conflict of interest occurs when an individual's personal interests – family, friendships, financial, or social factors – could compromise his or her judgment, decisions, or actions in the workplace. Government agencies take conflicts of interest so seriously that they are regulated. Industry organizations, corporations, and universities, including our university, follow that lead by including conflicts of interest in our policies, regulations, and standards of operating procedures. For our university, we must follow Florida's Code of Ethics for Public Officers and Employees that includes standards of conduct and reporting requirements. On those bases Mandera South NG-CDFCs are required to disclose any interest on offices they hold.

Ethics & Conduct

Members are asked to sign code of ethic policy when they come into office, the members did so as require by the law.

Members of NG-CDFC are required to observe the following ethical issues

- i. Confidentiality - the NG-CDFC members have a responsibility to ensure confidentiality unless in situations required by law.
- ii. Honesty and integrity – NG-CDFC members have a duty to declare any private interest relating to their public duties and to take steps to resolve any conflict arising in a way that protects the public interest.
- iii. Leadership – NG-CDFC members should promote leadership in the constituency.

During the financial year 2024/2025 members of NG-CDFC Mandera South adhered to the stipulated ethical issues

Risk Management

Risk is the possibility of something bad happening. Risk involves uncertainty about the effects/implications of an activity with respect to something that human's value (such as health, well-being, wealth, property or the environment), often focusing on negative, undesirable consequences. Many different definitions have been proposed. The international standard definition of risk for common understanding in different applications is "effect of uncertainty on objectives at our offices we do have the risk register, where we manage all the risks that may occur during the running of office affairs.

7. Management Discussion and Analysis

Establishment and Management of the Fund

Section 4 of the Act state that: There is established a fund to be known as the National Government Constituencies Development Fund which shall—(a) Be a National Government Fund consisting of monies of an amount of not less than 2.5% (two and half per centum) of all the national government's share of revenue as divided by the annual Division of Revenue Act enacted pursuant to Article 218 of the Constitution;

The Fund Account Manager shall hold the authority to incur expenditure of the funds at the constituency account. Further, projects under this Act shall only be in respect of works and services falling within the exclusive functions of the national government as provided in the Constitution. However, the administration of the fund is done through the Constituency Committee.

NG- CDF MANDERA SOUTH Constituency, pursuant to Section 34 of the Act, was allocated Kshs. 559,207,168.92 Between FY 2020/2021 and 2024/2025:

FINANCIAL YEAR	ALLOCATION (KSHS)
2020/2021	137,088,879
2021/2022	137,088,879
2022/2023	145,087,603
2023/2024	180,228,944
2024/2025	179,441,954

The current Strategic Plan 2022/2023 to 2026/2027 identifies a number of strategies and their implementation matrix. In the last 3 financial years, the matrix implementation has had a funding with sectorial allocations approved code list and funded under Section 24 of the Act. The highest beneficiary being education sector through bursary and schools infrastructural development. The table below shows how the funds were distributed:

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SECTOR	ALLOCATION (KSHS)	PERCENTAGE ALLOCATION
Administration	46,736,176	6%
Monitoring and Evaluation	23,368,077	3%
Constituency Oversight	7,789,359	1%
Bursary	215,891,411	28%
Capital Grants to Primary Schools	159,403,261	23%
Capital Grants to Secondary Schools	191,312,693	27%
Capital Grants to Tertiary Institutions & Universities	-	0%
Climate Change Mitigation Activities	7,789,359	1%
Sports	6,231,487	0.8%
Security	62,314,872	8%
Constituency Innovation and Digital Hubs	23,368,077	3%
NG- CDF Assets and Renovations	28,500,000	4%
Others (Strategic Plan)	6,231,487	0.8%

Bursary Sector

The committee over the last 3 years managed to allocate bursary over 10,000 learners every financial year. The ever increasing population in the Constituency largely affects the awarding of bursaries. However, the committee has endeavoured to provide scholarship depending on schools performance and level of need for individual learners. This is vetted on case by case.

Grants to Educational Institutions.

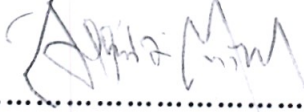
The committee has tried over the years to eliminate temporary classrooms within the Constituency. Over 50 Classrooms, toilets, administration block and laboratories have been built, and renovations to a number of schools which were constructed many years ago.

The committee is as well constructing a perimeter wall with standard gate and guard House for the Elwak Girls Secondary School. This will eliminate early learners' pregnancies, long distance movements and enhance academic environment for learners from families with humble backgrounds.

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Security

The committee has ensured completion of Deputy County Commissioner offices at Kutulo Sub-County, Shimbir fatuma and Wargadud Ward. This will improve security in the country and help reduce the poverty level of people who will feel secure in starting up businesses.



.....
Name: Adan Salah Mustafa

Fund Account Manager



8. Environmental and Sustainability Reporting

The Mandera South Constituency NG-CDF is dedicated collecting, analyzing, and disclosing information about the institution's environmental and sustainability performance. This reporting helps the committee track its environmental impact, demonstrate accountability to stakeholders, and improve sustainability practices.

1. Sustainability strategy and profile -

To ensure the sustainability of NG-CDF Mandera South Constituency, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** NG-CDF Mandera South 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, NG-CDF Mandera South Constituency 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 Mandera South Constituency has allocated part of its budget to climate change mitigation activities such as afforestation, reforestation, grassroots sensitization, and tree seedling production.

2. Environmental performance

Environmental protection is a core initiative of the NG-CDF Mandera South. We consider caring for the environment a fundamental responsibility and a crucial aspect of our operational approach. Our commitment to environmental stewardship is deeply integrated in our strategic plan.

As the committee, we are waiting for guidelines from the Board in line with the changes in the NG-CDF Act 2015 as amended in 2023. These will guide the in coming up with future strategies in handling climate change mitigation matters.

Despite that, the committee has allocated sufficient funds fir tree planting at schools. In order to ensure sustainability and survival of the tree growing activity, the committee is constructing perimeter walls for all the schools.

3. Employee welfare

We invest in providing the best working environment for our employees. NG-CDF Mandera South 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.

Employees are encouraged and supported to build on their skills and knowledge continually. NG-CDF Mandera South 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. Market place practices-

NG-CDF Mandera South 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.

NG-CDF Mandera South Constituency 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-

NG-CDF Mandera South 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.

6. Public Participation in Project Identification, Implementation, and Monitoring

NG-CDF Mandera South 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 NG CDF Board in accordance with the Act.

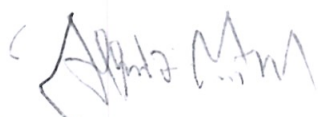
Public participation is a process that directly engages the concerned stakeholders in decision-making and fully considers public input. The NG-CDFC Mandera South Constituency engaged the community through community leaders during the bursary program to identify the needy students to be awarded the bursary.

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7. Public Awareness

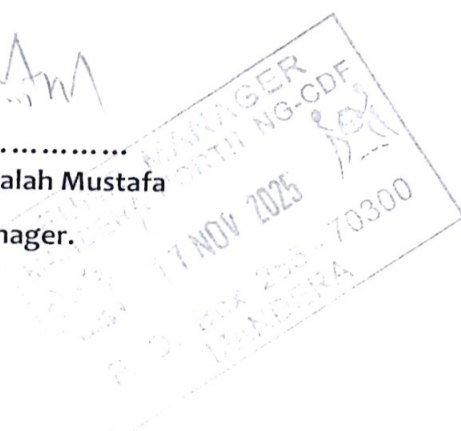
This includes mechanisms for participation and cooperation with local, regional, and national agencies, as well as for conducting community-based needs assessments, public awareness campaigns, and community meetings.

NG-CDF Mandera South Constituency has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



.....
Name: Mr. Adan Salah Mustafa

Fund Account Manager.



9. 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 NG-CDF Mandera South 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 NG-CDF Mandera South Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). 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 charge of the NG-CDF Mandera South 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.

The Accounting Officer in charge of the NG-CDF Mandera South 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

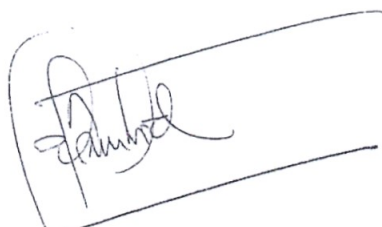
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audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the constituency's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

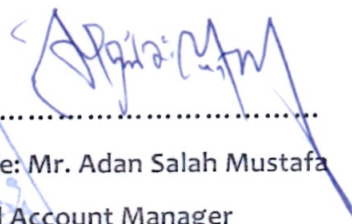
In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

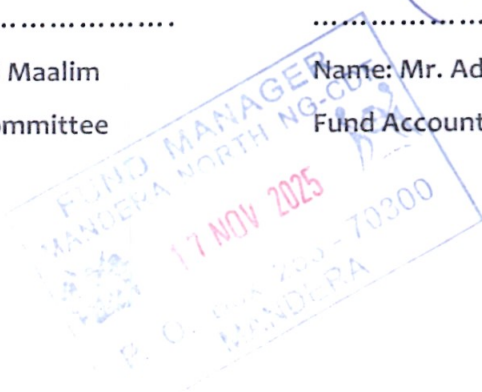
The NG-CDF Mandera South Constituency financial statements were approved and signed by the Accounting Officer on 17th November, 2025.



.....
Name: Mr. Abdirashid Maalim
Chairman – NGCDF Committee



.....
Name: Mr. Adan Salah Mustafa
Fund Account Manager



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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of the National Government Constituencies Development Fund - Mandera South Constituency set out on pages 1 to 44, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, 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 IPSAS financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Mandera South 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 Fund Act, 2015 and the Public Finance Management Act, 2012 and The National Treasury Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Non-Disclosure of Transitional Provisions Under IPSAS 33

Public Sector Accounting Standard Board (PSASB) guideline on the first-time adoption of IPSAS Accrual requires entities transiting from IPSAS (Cash Basis) to IPSAS (Accrual Basis) to disclose under Note 2 on 'Compliance and Basis of Preparation' transitional aspects on: specific transitional provisions applied, the steps being taken towards full compliance with IPSAS Accrual and the extent to which the entity has taken advantage of the transitional exemptions that affect the fair presentation of the financial statements or the extent to which it has taken advantage of the transitional exemptions that do not affect the fair presentation of the financial statements.

However, review of Note 2 to transitional IPSAS financial statements revealed that the Management of the Fund did not disclose transitional provisions applied, the steps being taken towards full compliance with IPSAS Accrual, nor indicate the elements of the financial statements that have not been recognized as a result of taking advantage of the transition provisions.

In the circumstances, the non-disclosure of transitional provisions affects the fair presentation of the financial statements.

2. Unsupported Bursary Payments

The statement of financial performance reflects other grants and transfers expenditure of Kshs.59,112,333 as disclosed in Note 11 to the financial statements. Included in the amount are bursary payments for secondary schools and tertiary institutions amounting to Kshs.3,680,000 and Kshs.40,832,333 respectively. However, review of bursary payment records revealed that bursary disbursements amounting to Kshs.695,000 and

not acknowledged through official receipts or acknowledgement letters by the beneficiary institutions.

In the circumstances, the accuracy and completeness of other grants and transfers expenditure of Kshs.2,149,000 could not be confirmed.

3. Lack of Ownership Documents and Incomplete Disclosure of Assets

The statement of financial position reflects nil balance in respect of property plant and equipment. Annex 1 (summary of fixed asset register) to the financial statements disclosed land cost value of Kshs.27,000,000 and office equipment, furniture & fittings cost value of Kshs.1,500,000 all totalling to Kshs.28,500,000. However, the value of the office block where the Funds' offices are situated was not disclosed. In addition, ownership documents for land were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance 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 - Mandera South Constituency Management in accordance with ISSAI 130 on 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 total receipts budget and actual on comparable basis of Kshs.232,015,206 and Ksh.182,573,251 respectively, resulting in an under-funding of Kshs.49,441,955, or 21% of the budget. Similarly, the statement reflects final payments of Kshs123,341,022, against total receipts of Kshs182,573,251 resulting in under-absorption of Kshs.59,232,229 or 32% of the available funds.

In the circumstances, 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 Matter

Unresolved Prior Year Issues

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following eight (8) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Unsupported Bursary Disbursements
2	2023/2024	Unsupported Project Management Committee Bank Balances
3	2023/2024	Lack of Ownership Documents and Incomplete Disclosure of Assets
4	2023/2024	Budgetary Control and Performance
5	2023/2024	Unresolved Prior Year Audit Issues
6	2023/2024	Project Implementation Status
7	2023/2024	Failure to Report Expenditure from Emergency Reserve
8	2023/2024	Failure to Open a Deposit Holding Account.

Other Information

The Management is responsible for the Other Information set out on page ii to xxxvi which comprise of Key Constituency Information and Management, NGCDF Committee, NGCDF Chairman's Report, Statement of Performance Against Predetermined Objectives, Statement of Governance, 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 THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and the National Government Constituencies Development Fund Committee

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

In preparing the financial statements, Management is responsible for assessing the 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.

The National Government Constituencies Development Fund Committee is 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

26 November, 2025

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

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


Description	Note	2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	179,441,954
Revenue from exchange transactions		
Total revenue		179,441,954
Expenses		
Employee costs	7	8,546,126
Committee expenses	8	2,089,000
Use of Goods and Services	9	7,662,694
Other Government Units Actual expenditure	10	47,140,613
Other Grants and Transfers Actual expenditure	11	59,112,333
Total expenses		124,550,766
Other gains/(losses)		
Surplus/(Deficit) for the year		54,891,189

The Constituency financial statements were approved by the NGCDFC on 17th November, 2025 and signed by:



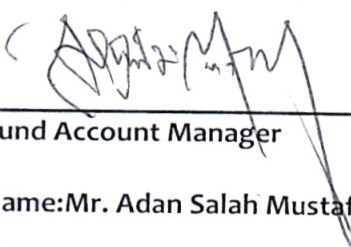
 Chairman NG-CDF Committee

Name: Mr. Abdirashid Maalim



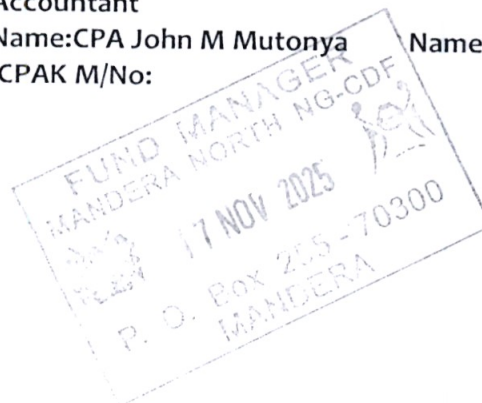
 National Sub-County
 Accountant

Name: CPA John M Mutonya
 ICPAK M/No:



 Fund Account Manager

Name: Mr. Adan Salah Mustafa



National Government Constituencies Development Fund (NGCDF)
Mandera South Constituency
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12. Statement of Financial Position As At 30th June, 2025

Description	Note	Period as at 30 th June 2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	12	59,232,229	4,573,251
Receivables from Non-Exchange Transactions	13	49,441,954	48,000,000
Total Current Assets		108,674,184	52,573,251
Non-Current Assets			
Total Non- Current Assets		-	-
Total Assets (A)		108,674,184	52,573,251
Liabilities			
Current Liabilities			
Third Party Deposits	14	109,583	-
Gratuity Provision	15	2,719,680	1,619,520
Total Current Liabilities		2,829,263	1,619,520
Non-Current Liabilities			
Total Liabilities (B)		2,829,263	1,619,520
Net Assets (A-B)		105,844,920	50,953,731
Represented by:			
Revaluation Reserves		105,844,920	50,953,731
Total Net Assets		105,844,920	50,953,731

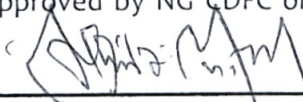
The Constituency financial statements set out on pages 1 to 17 approved by NG CDFC on 17th November, 2025 and signed by


 Chairman NG-CDF Committee

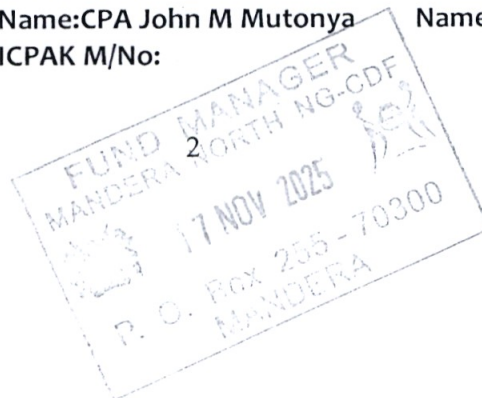
Name: Mr. Abdirashid Maalim


 National Sub-County
 Accountant

Name: CPA John M Mutonya
 ICPAK M/No:


 Fund Account Manager

Name: Mr. Adan Salah Mustafa



National Government Constituencies Development Fund (NGCDF)
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13. 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 th June 2024	2,066,017	-	2,066,017
Adjustments			
Recognition of Assets	50,507,234		50,507,234
Recognition of Liabilities	1,619,520		1,619,520
As at July 1, 2024	50,953,731		50,953,731
Surplus/(Deficit) For the Period	54,891,189		54,891,189
As at June 30, 2025	105,844,920	-	105,844,920

National Government Constituencies Development Fund (NGCDF)
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14. Statement Of Cash Flows for The Year Ended 30th June 2025

Description	Notes	30 TH June 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board	6	178,000,000
Total Receipts		178,000,000
Payments		
Employee costs	7	7,445,966
Committee expenses	8	2,089,000
Use of Goods and Services	9	7,662,694
Other Government Units Certified Works	10	47,035,359
Other Grants and Transfers	11	59,108,003
Total Payments		123,341,022
Net Cash Flows from/ (used in) Operating Activities		54,658,978
Cash flows From Investing Activities		-
Net Cash Flows from Investing Activities		54,658,978
Net increase/(decrease) in cash& Cash equivalents		
Cash Flows from Financing Activities		
Net Cash Flows from Financing Activities		54,658,978
Cash and cash equivalents at 1 July	12	4,573,251
Cash and cash equivalents at 30 June		59,232,229

*National Government Constituencies Development Fund (NGCDF)
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15. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	A	B		C=(a+b)	D	e=(c-d)	f=d/c*100
Programme/Sub-programme	2024/2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	2024 - 2025	2024-2025		
Revenue							
Transfers From the NGCDF Board	179,441,954	4,573,251	48,000,000	232,015,206	182,573,251	49,441,954	79%
Transfers from domestic and foreign partners	-	-	-	-	-	-	
Finance income	-	-	-	-	-	-	
Miscellaneous income	-	-	-	-	-	-	
Totals	179,441,954	4,573,251	48,000,000	232,015,206	182,573,251	49,441,954	79%
Expenses							
Employee costs	8,906,641	76,720	-	8,983,361	7,445,966	1,537,395	83%
Committee expenses	2,089,000	-	-	2,089,000	2,089,000	-	100%
Use of Goods and Services	7,552,000	110,694	-	7,662,694	7,662,694	-	100%
Other Government Units Certified Works	87,150,000	3,247,012	25,000,000	115,397,012	47,035,359	68,361,653	41%
Other Grants and Transfers	73,144,313	1,138,825	-	74,283,138	59,108,003	15,175,135	80%
Digital Hubs Expenses	600,000	-	23,000,000	23,600,000	-	23,600,000	0%

*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	% of Utilization
	Kshs	A	Kshs	B				
	2024/2025		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	C=(a+b) 2024 - 2025	2024-2025	e=(c-d)	
Acquisition of Assets	-	-	-	-	-	-	-	0%
Funds Pending Approval-PMC Savings	-	-	-	-	-	-	-	0%
Total Expenditure	179,441,954	4,573,251	48,000,000	48,000,000	232,015,206	123,341,022	108,674,184	53%
Surplus for the period								

Explanatory Notes.

- All categories are below the required utilization of 90% except Committee expenses and Use of goods and Services.
- Compared to the previous year 2023/2024 the overall percentage of utilization has drastically decreased from 81% to 53%
- The adjustments are unutilized funds and is composed of funds not disbursed from NG-CDF Board to the Constituency of **Ksh.48,000,000**, closing balances for the financial year ended 30th June, 2024 of **Ksh.2,066,017** and PMCs Opening Balances of **Kshs. 2,507,234** which totals to **ksh.52,573,251/=**
- Digital Hubs Expenses: The committee experienced delayed project proposal approval and subsequent delayed funding of the projects.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount

National Government Constituencies Development Fund (NGCDF)
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Budget Execution by Sectors and Projects For The Year Ended 30th June 2025

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	8,906,641	76,720		8,983,361	7,445,966	1,537,395
1.2 Committee allowances	846,000	-		846,000	846,000	-
1.3 Use of goods and services	3,512,000	55,046		3,567,046	3,567,046	(0)
Sub-total	13,264,641	131,766	-	13,396,407	11,859,012	1,537,395
2.0 Monitoring and evaluation						
2.1 Capacity building	1,800,000	-		1,800,000	1,800,000	-
2.2 Committee allowances	1,243,000	-		1,243,000	1,243,000	-
2.3 Use of goods and services	2,240,000	55,648		2,295,648	2,295,648	0
Sub-total	5,283,000	55,648	-	5,338,648	5,338,648	0
3.0 Emergency						
Unutilized	9,444,313			9,444,313	9,397,670	46,643
Sub-total	9,444,313	-	-	9,444,313	9,397,670	46,643
4.0 Bursary and Social Security						
4.1 Primary Schools	3,900,000.00	-		3,900,000	3,680,000	220,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
4.2 Secondary Schools	40,000,000.00	838,425		40,838,425	40,832,333	6,092
4.3 Tertiary Institutions				-		-
4.4 Special Needs				-		-
4.5 Education Support Programmes				-		-
4.6 Social Security		-	-	-	-	-
Sub-total	43,900,000	838,425	-	44,738,425	44,512,333	226,092
5.0 Climate Change Mitigation				-		
5.1 Shimbir fatuma Primary School		100,000	-	100,000	100,000	-
5.2 Gode Primary School		100,000	-	100,000	100,000	-
5.3 Wargadud Mixed Secondary School		100,000	-	100,000	100,000	-
5.4 Elwak Girls Secondary School	100,000			100,000	-	100,000
5.5 Wargadud Primary School	100,000			100,000	-	100,000
5.6 Kore Model Mixed Secondary School	100,000			100,000	-	100,000
Sub-total	300,000	300,000	-	600,000	300,000	300,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
6.0 Primary Schools Projects (List all the Projects)						
6.1 Elgolicha Primary School	3,800,000	2,000,230	-	5,800,230	5,799,000	1,230
6.2 Dawder Primary School		485	-	485	-	485
6.3 Wachile Primary School		760	-	760	-	760
6.4 Chirole Primary School		502,472	-	502,472	502,472	0
6.5 Gode Primary School		598	4,867,133	4,867,731	4,867,493	238
6.7 Dadach Olo Primary School		(10)	2,000,000	1,999,990	1,999,670	320
6.8 Harwale Primary School		420	-	420	-	420
6.9 Kutayu Primary School		730	2,000,000	2,000,730	2,000,590	140
6.10 Borehole 11 Primary School		1,150	2,000,000	2,001,150	1,999,180	1,970
6.11 Karsadamu Pri School		234,266	1,765,734	2,000,000	2,000,360	(360)
6.12 Qalangalesa Primary School			2,000,000	2,000,000	2,000,550	(550)
6.13 Weledo Primary School			2,000,000	2,000,000	1,900,000	100,000
6.14 Abey Umur Primary School			2,000,000	2,000,000	1,999,500	500
6.15 Irshad Integrated Primary School		500,000	-	500,000	500,180	(180)
6.16 Elele Primary School			4,867,133	4,867,133	4,867,020	113

*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 (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
6.17 Mukutano Primary School	1,500,000			1,500,000	1,500,115	(115)
6.18 Elwak DEB Primary School PMC	1,200,000			1,200,000	1,200,115	(115)
6.19 Shimbir Fatuma Primary School PMC	4,400,000			4,400,000	4,399,000	1,000
6.20 Al-Rowdha Intergrated Primary School PMC	4,300,000			4,300,000	4,300,115	(115)
6.21 Ereskore Primary School PMC	3,050,000			3,050,000	-	3,050,000
6.22 Dadach Yaluran Primary School	3,050,000			3,050,000	-	3,050,000
6.23 Kore Model Integrated Pri School	2,700,000			2,700,000	-	2,700,000
6.24 Wayam Lenya Primary School	2,200,000			2,200,000	-	2,200,000
6.25 Gedalo Primary School	2,200,000			2,200,000	-	2,200,000
6.26 Charifuda Primary Scschool	1,000,000			1,000,000	-	1,000,000
6.27 Abey Umur Primary School	750,000			750,000	-	750,000
6.28 Wargadud Primary School	1,500,000			1,500,000	-	1,500,000
6.29 Waritho Primary School	500,000			500,000	-	500,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
6.29 Leheley Primary School	2,700,000			2,700,000	-	2,700,000
6.30 Harwale Primary School	500,000			500,000	-	500,000
6.31 Kob Watiti Primary School	2,200,000			2,200,000	-	2,200,000
6.32 Roba Model Primary School	500,000			500,000	-	500,000
6.34 Eituli Primary School	2,700,000			2,700,000	-	2,700,000
6.35 Qoloy Primary School	2,200,000			2,200,000	-	2,200,000
6.36 Orgaya Primary School	2,200,000			2,200,000	-	2,200,000
6.37 Fincharo Primary School	1,500,000			1,500,000	-	1,500,000
6.38 Qabanawa Primary School	2,700,000			2,700,000	-	2,700,000
6.39 Chachabole Primary School	1,000,000			1,000,000	-	1,000,000
6.40 Gode Primary School	500,000			500,000	-	500,000
6.41 Bamba Owla Primary School	2,200,000			2,200,000	-	2,200,000
6.42 Al-rowdha Integrated Primary School	2,200,000			2,200,000	-	2,200,000
6.43 Wachile Primary School	2,200,000			2,200,000	-	2,200,000
6.44 Furaha Primary School	2,200,000			2,200,000	-	2,200,000

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 (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
6.45 Tuli Primary School	2,200,000			2,200,000	-	2,200,000
6.46 Kona S Primary School	500,000			500,000	-	500,000
6.47 Eres Suki Primary School	500,000			500,000	-	500,000
Sub-total	62,850,000	3,241,100	23,500,000	89,591,100	41,835,359	47,755,741
7.0 Secondary Schools Projects						
7.1 Adaw Malishe Mixed Secondary School		5,912	-	5,912	1,500,000	(1,494,088)
7.2 Kore Model Mixed	-		1,500,000	1,500,000	-	1,500,000
7.3 Elwak Girls Secondary School	3,000,000			3,000,000	-	3,000,000
7.4 Kutulo Girls Model Secondary School	3,500,000			3,500,000	2,500,000	1,000,000
7.5 Elwak Secondary School	2,500,000			2,500,000	-	2,500,000
7.6 Shimbir Fatuma Secondary School	1,000,000			1,000,000	-	1,000,000
7.7 Elwak Girls Secondary School	7,500,000			7,500,000	-	7,500,000
7.8 Roba Model Mixed Secondary School	900,000			900,000	-	900,000

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 (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
7.9 Chief Mohamed Jari Secondary School	1,500,000			1,500,000	-	1,500,000
7.10 Kutayo Mixed Day/Boarding Secondary School	2,700,000			2,700,000	-	2,700,000
Sub-total	22,600,000	5,912	1,500,000	24,105,912	4,000,000	20,105,912
8.0 Tertiary institutions Projects (List all the Projects)						
8.1 Elwak Technical Training Institute	1,200,000	-	-	1,200,000	1,200,000	-
8.2 Mandera Central Sub-County Director TSC	500,000			500,000	-	500,000
Sub-total	1,700,000	-	-	1,700,000	1,200,000	500,000
9.0 Security Projects						
9.1 Wargadud AP Camp		400		400	-	400
9.2 Boarder Petrol Unit Camp	4,900,000			4,900,000	4,898,000	2,000
9.3 Elwak Police Station Camp	1,100,000			1,100,000	-	1,100,000
9.4 Registrar of Birth and Death	700,000			700,000	-	700,000
9.5 Shimbir Fatuma Police	500,000			500,000	-	500,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
station						
9.6 Mandera Central Deputy County Commissioner residence	500,000			500,000	-	500,000
9.7 Wargadud Assistant County Commissioner Office	3,500,000			3,500,000	-	3,500,000
9.8 Shimbir Fatuma Assistant County Commissioner Office	3,500,000			3,500,000	-	3,500,000
9.10 Kutulo Deputy County Commissioner Office	4,800,000			4,800,000	-	4,800,000
Sub-total	19,500,000	400	-	19,500,400	4,898,000	14,602,400
10.0 Acquisition of assets						
Sub-total	-	-	-	-	-	-
11.0 Digital Hubs						
11.1 Kutulo ICT Digital Hub	600,000	-	23,000,000	23,600,000	-	23,600,000
Sub total	600,000	-	23,000,000	23,600,000	-	23,600,000
12.0 Others						
Sub total	-	-	-	-	-	-
13.0 Funds pending approval**	-	-	-	-	-	-

*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 (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
13.1 Unapproved projects	-	-	-	-	-	-
13.2 PMC Savings	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-
Total	179,441,954	4,573,251	48,000,000	232,015,206	123,341,022	108,674,184

(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)

16. 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 Mandera South Constituency principal activity is to provide leadership and policy direction for effective and efficient management of the Fund

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the PFM Act and international Public Sector Accounting Standards (IPSAS). The NG-CDF Mandera South has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach; Therefore this is the 1st transitional financial statements. (The NG-CDF Mandera South has recognized all financial Assets which includes cash and cash equivalent for operational account, deposit account and PMC Balances, Receivables (owing from the board and others), Prepayments, PPE and intangible assets acquired in FY 2023/2024 to date of reporting. Liabilities recognized includes trade and other payables, third party deposits and gratuity provisions. Recognition of all other non-financial assets acquired in FY prior to 2023/2024 to be recognized in the third year of transition after identification and valuations have been done.

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	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p><i>This IPSAS is not applicable in this constituency this financial year.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>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:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>This IPSAS is not applicable at the constituency this financial year.</i></p>
IPSAS 45: Property Plant	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS</p>

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and Equipment	<p>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.</p> <p>The IPSAS is applicable at the constituency effective 1st July 2025</p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The IPSAS is applicable at the constituency effective 1st July 2025</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of</p>

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	<p>financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>This IPSAS is applicable effective 1st July 2026</i></p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>This IPSAS is not applicable at the constituency this financial year.</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>This IPSAS is not applicable at the constituency</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>This IPSAS is not applicable at the Constituency this financial year</i></p>

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 30th June 2024 for the period 1st July 2024 to 30th 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.* 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 amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows 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.

b) 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 NG-CDF Mandera South 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	Period ended on 30th June 2025
	Kshs
NGCDFB Transfers (Allocation for the FY)	179,441,954
Total	179,441,954

7. Employees cost

Description	Period ended 30 th June 2025
	Kshs
NG-CDFC Basic staff salaries	6,936,146
Gratuity to contractual employees	1,100,160
Employer Contributions Compulsory national social security schemes	406,680
Employer Contributions Compulsory Housing levy	103,140
Total	8,546,126

8. Committee Expenses

Description	Period ended 30th June 2025
	Kshs
Sitting allowance	846,000
Other Committee expenses	1,243,000
Total	2,089,000

9. Use of Goods and services

Description	Period ended 30th June 2025
	Kshs
Utilities, supplies and services	63,979
Communication, supplies and services	150,000
Domestic travel and subsistence	1,452,600
Training expenses	1,800,000
Hospitality supplies and services	600,000
Office and general supplies and services	172,000
Fuel, oil & lubricants	120,000
Bank charges	54,115
Routine maintenance – other assets	2,500,000
Other operating expenses	750,000
Total	7,662,694

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10. Other Government Units Actual expenditure

Description	Period ended 30th June 2025
	Kshs
Primary Schools Actual expenditure	41,940,613
Secondary Schools Actual expenditure	4,000,000
Tertiary Institutions Actual expenditure	1,200,000
Total	47,140,613

11. Other Grants and transfers Actual expenditure

Description	Period ended 30th June 2025
	Kshs
Bursary – secondary schools	3,680,000
Bursary – tertiary institutions	40,832,333
Security projects Actual expenditure	4,900,000
Climate change mitigation projects	300,000
Emergency projects Actual expenditure	9,400,000
Total	59,112,333

12. Cash and Cash Equivalents

Name Of Bank and Account No.	Period ended 30th June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
MANDERA SOUTH NG-CDF A/C Account No: 100026117664 (Operations account)	48,471,758	2,066,017
MANDERA SOUTH NG-CDF Deposit A/C, 1000286534374 (Deposit account)	-	-
Equity Bank, Elwak Branch. (PMC accounts)	10,760,471	2,507,234
Total	59,232,229	4,573,251

(A schedule of all reconciled PMC bank balances as at the end of the period is attached)

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13. Receivables from Non-Exchange Transactions

Description	Period ended 30th June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Transfers from NGCDFB	49,441,954	48,000,000
Total	49,441,954	48,000,000

Ageing Analysis for Receivables

Description	Period ended 30th June 2025	% of the total	Opening Balance	% of the total
Less than 1 year	49,441,954	100%	48,000,000	100%
Total	49,441,954	100%	48,000,000	100%

Valuation

Land and buildings/ Equipment were valued by in line with the National Assets and Liabilities Management Policy and Guidelines Issued 30th June 2020.

Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	27,000,000	-	27,000,000
Office Equipment, Furniture, And Fittings	1,500,000	-	1,500,000
Total	28,500,000	-	28,500,000

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

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14. Third-Party Deposits

Description	Period ended June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Retention held during the period (B)	957,463	-
Retention paid during the period (C)	847,880	-
Closing Retention as at period 30 June, D= A+B-C	109,583	

Retentions aging analysis.

Description	FY 2024/2025	% of the total	FY 2023/2024	% of the total
Less than 1 year	109,583	100%	-	-
Total	109,583	100%	-	-

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

15. Gratuity Provision

Description	FY2024/2025
	Kshs
Gratuity at the beginning of the year 1 st of July	1,619,520
Gratuity held during the year	1,100,160
Total Gratuity Provision 30th June (A+B-C)	2,719,680.00

16. Cash Generated from Operations

Description	Period ended June 2025
	Kshs
Surplus for the period before tax	54,891,189
Adjusted for:	
Working capital adjustments	
Changes in receivables	(1,441,954)
Changes in Third party deposits	109,583
Changes in gratuity provision	1,100,160
Net cash flow from operating activities	54,658,978

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17. 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 minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The 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
As at 30th June 2025				
Receivables from non-exchange transactions	49,441,954	49,441,954	-	-
Total	49,441,954	49,441,954	-	-
As at 30 June 2024				
Receivables from non-exchange transactions	48,000,000	48,000,000	-	-
Total	48,000,000	48,000,000	-	-

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Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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
As at 30th June 2025				
Gratuity Provision	-	2,719,680	-	2,719,680
Total	-	2,719,680	-	2,719,680
As at 30th June 2024				
Gratuity Provision	-	1619520	-	1619520
Total	-	1619520	-	1619520

iii) Market risk

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

a) Foreign currency risk

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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.

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.

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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 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	FY 2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Revaluation Reserve	177,670,735	177,670,735
Retained Earnings	11,196,743	-
Total Funds	188,867,478	177,670,735
Less: Cash and Bank Balances	146,701,072	128,477,298
Net Debt/(Excess Cash And Cash Equivalents)	146,701,072	128,477,298

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Related Party Disclosures

Description	FY 2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	2,089,000	-
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	180,066,017	-
Total	180,066,017	-

18. Events after the Reporting Period

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

19. Ultimate And Holding Entity

The Mandera South 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.

20. Currency

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

17. Annexes
 Annex 1: Summary of Asset Register

Asset class	Historical Cost balance brought forward (Kshs)	Additions during the period (Kshs)	Disposals during the period (Kshs)	Historical Cost (Kshs) At Year/period End 2024- 2025
Land	27,000,000	-	-	27,000,000
Office equipment, furniture, and fittings	1,500,000	-	-	1,500,000
Total	28,500,000	-	-	28,500,000

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Annex 2 –PMC Bank Balances As At 30th June 2025

PMC	BANK & BRANCH	ACCOUNT NUMBER	BALANCE 30 TH JUNE 2025	BALANCE 30 TH JUNE 2024
Elgolicha Primary School	Equity - Elwak	1000296776977	1,230.	2,000,230
Dawder Primary School	Equity - Elwak	1000296752024	485.00	485
Wachile Primary School	Equity – Elwak	1000273641469	759.80	760
Chirole Primary School	Equity – Elwak	1000194074863	0.10.	502,472
Gode Primary School	Equity – Elwak	1000262354827	370.70	598
Dadach Majani Pri. School	Equity – Elwak	1000176353476	-10.19	(10)
Harwale Primary School	Equity – Elwak	1000297186592	420.00.	420
Kutayu Primary School	Equity – Elwak	1000199593406	139.90	730
Borehole 11 Primary School	Equity – Elwak	1000297179754	1,970.00	1,150
Wargadud AP Camp	Equity – Elwak	1000178994580	400.00	400
Abey Umur Primary School	Equity – Elwak	1000285546038	500.00	-
irshad Primary School	Equity – Elwak	1000273643596	80.00	-
Al-Rowdha Int. Pri. Sch.	Equity – Elwak	1000199282493	270.00	-
Boarder Point Police PMC	Equity – Elwak	1000286481443	2,000.00	-
Boji Garse Pri School	Equity – Elwak	1000299906489	1,130.00	-
Dadach Ulo Primary School	Equity – Elwak	1000285402434	320.00	-
Elele Primary School	Equity – Elwak	1000299022026	1,144.45	-
Elhagarsa Day Sec School	Equity – Elwak	1000278748697	503.50	-
Elram Pri School	Equity – Elwak	1000285514300	1,200.0	-
Elwak DEB Primary School	Equity – Elwak	1000199896878	4,191.25	-
Elwak Girls Secondary School	Equity – Elwak	1000278728397	7,457.50	-
Elwak Police Station	Equity – Elwak	1000281156011	60.00	-
Elwak Secondary School	Equity – Elwak	1000295585724	20,247.50	-

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Elwak TTI	Equity – Elwak	1000285303217	200.00	-
Ireskore Primary School PMC	Equity - Elwak	1000286226643	600.00	-
Karsadamu Pri School	Equity - Elwak	1000297428199	640.00	-
Kore Model Mixed	Equity - Elwak	1000285205201	1,150.00	-
Kutulo Girls Model Sec School	Equity - Elwak	1000299030238	1,900.00	-
Mukutano Primary School	Equity - Elwak	1000162263014	165.00	-
Qalangalesa Primary School	Equity - Elwak	1000198948084	503.25	-
Shimbir Fatuma Pri. School	Equity - Elwak	1000299894448	2,980.00	-
Tawakal Mixed Day Sec Sch.	Equity - Elwak	1000279500769	550.00	-
Wargadud Mixed School	Equity - Elwak	1000295051786	75.50	-
Weledo Primary School	Equity - Elwak	1000279594416	-67.15	-
SUB – TOTAL			53,146.01	2,507,235.00

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>Unaccounted for Bursary Disbursements</p> <p>The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects other grants and transfers amounting to Kshs.44,522,550. Included in the amount are bursary disbursements of Kshs.3,032,000 to secondary schools and Kshs.33,890,550 to tertiary institutions to support education for the needy students. Review of payment vouchers and other supporting documents revealed that bursary disbursements amounting to Kshs.952,500 and Kshs.2,522,000 disbursed to various secondary schools and tertiary institutions respectively were not acknowledged through official receipts or acknowledgement letters by the beneficiary institutions.</p>	<p>Please find the acknowledgement letters or receipts that were not received or collected by NG-CDF office as at the time of audit due vast areas although all cheques raised bear the institution names, reflected in the account statement of Mandera South NG-CDF and accompanied by cover letter on distribution of amounts to bursary beneficiaries. Find the attached acknowledgment receipts from tertiary institution</p>	Not Resolved	<p>In consultation with the Auditor awaiting the date to appear before DFAC</p>
2.	<p>Summary of Fixed Assets Register</p> <p>Annex 4 of the financial statements reflects a summary of fixed assets register with a balance of Kshs.28,500,000 as at 30 June, 2023. Included in the balance are buildings and other structures valued at Kshs.27,000,000. However, the value of land on which the buildings and other structures are located was not disclosed in the</p>	<p>Regarding the ownership of the land where the NG-CDF office is situated, the management clarifies that the building and structure sits on a public land within the Mandera Central Sub-County Headquarter. Consequently, the Mandera</p>	Not Resolved	<p>In consultation with the Auditor awaiting the date 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)
	Annex and ownership documents were not provided for audit. In addition, the fixed assets register was not maintained as per requirements of IPSAS 17 that requires identification or serial number, accumulated depreciation and net book value.	South NG-CDF will liaise with Sub-County Commissioner and NG-CDFB to fast-track the processing a title deed for the land.		appear before DFAC
3.	<p>Budgetary Control and Performance</p> <p>The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs. 148,742,656 and Kshs.90,655,052 respectively, resulting in an under-funding of Kshs.58,087,603 or 39% of the budget. Similarly, the Fund spent Kshs.58,792,706 against actual receipts of Kshs.90,655,052 resulting to under-utilization of Kshs.31,862,346 or 35% of the actual receipts. The under-funding and under-utilization affected planned activities and may have impacted negatively on service delivery to the public.</p>	As indicated in the budgetary analysis the delay in disbursement of all budgeted funds from the exchequer made the fund unable to implement the budget as approved. The Mandera South NG-CDF had not received Kshs. 48,000,000 from the board as at the end of FY 2023-2024. The NG-CDF Mandera South had implemented 99% of the funded projects in the financial year 2023-2024. The fund will follow up with the Board to ensure budgeted the funds are released on time to realize implementation of projects for the benefit of the constituents.	Not Resolved	In consultation with the Auditor awaiting the date to appear before DFAC


 Name: Mr. Adan Salah Mustafa
 Fund Account Manager.

