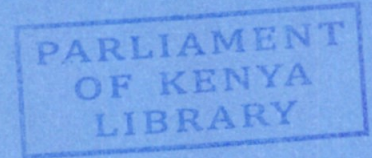


REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT



OF

# THE AUDITOR-GENERAL

ON

# NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- KISUMU CENTRAL CONSTITUENCY

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 17 FEB 2026

DAY:  
TUESDAY

TABLED  
BY:

DEPUTY  
MAJORITY LEADER

CLERK-AT  
THE TABLE:

FINLAT



*Revised 30<sup>th</sup> June 2025*



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

KISUMU CENTRAL CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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Transitional IPSAS Financial Statements /Prepared in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS)

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## 1. Acronyms and Definition of Key Terms

### A. Acronyms

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

**B. Definition of Key Terms**

**Bank account** - of the Fund" means the National Government Constituencies development Fund account maintained in accordance with section 13;

**Board**- means the National Government Constituencies Development Fund Board established under section 14

**Chief executive officer**- means the chief executive officer of the Board appointed under section 20

**Community** - means residents of a particular geographical area or region defined as a constituency, ward, location, sub location or village and having common interests;

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

**Constituency** - means one of the constituencies into which Kenya is divided under Article 89 of the Constitution;

**Constituency Committee** - means a National Government Constituency Development Fund Committee established under section 43 (l); 2015

**Constituency account**- means the account maintained for every constituency in accordance with section 12;

**Fiduciary Management** - Members of Management directly entrusted with Kisumu Central NGCDF's financial resources.

**Fund** means the National Government Constituencies Development Fund established under section a (1);

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

## 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 Kisumu Central Constituency's day-to-day management is under the following key organs:

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

### Fiduciary Management

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

#### Family Bank (Operations)

No	Designation	Name
1.	AIE holder	Naphtally Mulesi Ochuma
2.	National Sub-County Accountant	Wyclife Khamati
3.	Chairman NGCDFC	Millicent Atieno Omollo
4.	Member NGCDFC	Silas Diang'a

#### Cooperative Bank (Operations)

No	Designation	Name
1.	AIE holder	Naphtally Mulesi Ochuma
2.	National Sub-County Accountant	Wyclife Khamati
3.	Chairman NGCDFC	Millicent Atieno Omollo
4.	Member NGCDFC	Silas Diang'a

#### Family Bank (Deposits)

No	Designation	Name
1.	AIE holder	Naphtally Mulesi Ochuma
2.	National Sub-County Accountant	Wyclife Khamati
3.	Secretary NGCDFC	William Oduori Otaya
4.	Member NGCDFC	Anne Odhiambo Ochieng

**(c) Fiduciary Oversight Arrangements**

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF Kisumu Central 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 Kisumu Central Constituency Headquarters**

P.O BOX 1077-40100,  
Tom Mboya Estate  
Behind Golden Elites Premier School  
Kisumu, KENYA.

**(e) NGCDF Kisumu Central Constituency Contacts**

P.O. Box 1077-40100, Kisumu  
Telephone: (254) N/A  
E-mail: [cdfkisumucentral@ngcdf.go.ke](mailto:cdfkisumucentral@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(f) NGCDF Kisumu central Constituency Bank**

1. Family Bank (Main Account)  
Kisumu Express Branch  
P.O. Box 74145-0200 Nairobi
2. Family Bank (Deposit Account)  
Kisumu Express Branch  
P.O. Box 74145-0200 Nairobi
3. Project Management Committee Accounts  
KCB Bank  
Kisumu Main Branch  
P.O. Box 17-40100 Kisumu  
  
Equity Bank  
Angawa Branch  
P.O BOX 1673-40100, Kisumu

Family Bank  
Kisumu Express Branch  
P.O BOX 74145-0200 Nairobi

ABC Bank  
Kisumu Branch  
P.O BOX 2931-40100 Kisumu

Sidian Bank  
Kisumu Branch  
P.O BOX 25363-00603 Nairobi

DTB Bank  
West End Mall Branch  
P.O BOX 61711-0200, Nairobi




**(g) Independent Auditor**



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

**(h) Principal Legal Adviser**




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

**3. NGCDF Committee**



Name	Details
 <p data-bbox="177 835 526 909"><b>Millicent Atieno Omollo</b> NGCDF Chairperson</p>	<p data-bbox="671 450 1434 824">Millicent Atieno Omollo, born in 1973, is an accomplished entrepreneur with a wealth of experience in business. She attained the Kenya Certificate of Secondary Education and went on to establish herself as a dedicated and resourceful businesswoman. Over the years, she has demonstrated remarkable resilience, innovation, and commitment to growth, earning a reputation for her ability to navigate challenges and seize opportunities in the business world.</p>
 <p data-bbox="240 1404 612 1480"><b>Naphtally Mulesi Ochuma</b> Fund Account Manager</p>	<p data-bbox="671 916 1434 1406">Born on 18<sup>th</sup> April 1978, Naphtally Mulesi Ochuma holds a bachelor's degree in business administration (Accounting) from the University of Eastern Africa, Baraton (2003) and a master's in business administration (Finance) from Kenyatta University (2007). He is currently pursuing a PhD in Business Administration (Finance) at Jomo Kenyatta University. In addition, he has completed CPA Level III and is an alumnus of Kisii High School. He has served with the National Government Constituencies Development Fund (NG-CDF) since 2013, bringing over a decade of experience in public fund management and administration.</p>
 <p data-bbox="177 1915 558 1989"><b>William Oduori Otaya</b> Male Adult Representative</p>	<p data-bbox="671 1487 1434 1977">William Oduori Otaya, born in 1974 and originally from Siaya County, resides in Market Mlimani Ward within Kisumu Central Constituency. He attended Kericho Township Primary School, where he obtained his Kenya Certificate of Primary Education in 1991, and later completed his secondary education at Liberty Secondary School in 1995. In 2003, he undertook a course in Introduction to Computer Systems and Applications at Data Network Solutions Institute. He later completed training in Monitoring and Evaluation at Maringo Community Resource Centre in 2009, followed by HIV/AIDS Counselling by the Bible Society of Kenya in 2010. In 2018, he</p>

	<p>earned a Lay Preachers Certificate through the Methodist Church in Kenya. These qualifications have equipped him to serve as a Trainer of Trainers in HIV/AIDS programs. William currently serves as the Secretary of the NGCDF Committee in Kisumu Central Constituency and is also a member of both the Bursary Subcommittee and the Constituency Roads Committee.</p>
 <p><b>Ann Adhiambo Ochieng</b> Female Youth Representative</p>	<p>Ann Ochiambo Ochieng, born in 1994, completed her Kenya Certificate of Primary Education at Migosi Primary School in 2007 and later attained her Kenya Certificate of Secondary Education from St. Christosom Kudho Secondary School in 2011. She worked as a sales lady at GSK from 2018 to 2019, and in 2021 joined Shemwin Gas Enterprises. Ann is currently engaged in running her own business within Kisumu Central. She serves as the Female Youth Representative in the Kisumu Central NGCDF Committee and is also a member of the Monitoring and Evaluation Committee</p>
 <p><b>Pius Otieno Ochieng</b> PLWD Representative</p>	<p>Pius Otieno Ochieng, born in 1979, is a resident of Bandari Sub-location in Kisumu Central Constituency. He attended Joyland Primary School for the Disabled and sat for his Kenya Certificate of Primary Education in 1994. He later joined Joyland Secondary School for the Disabled, where he completed his Kenya Certificate of Secondary Education in 1998. Pius is a business owner in Kisumu, operating a furniture shop. He is a member of Konyri Kendi Self-Help Group and the Association for the Physically Disabled of Kenya and is also registered with the National Council for Persons with Disabilities. He currently serves as the representative for Persons Living with Disabilities (PLWD) in the Kisumu Central NGCDF Committee and chairs the Bursary Subcommittee.</p>

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 <p><b>Silas Diang'a</b> Male Adult Representative</p>	<p>Silas Omondi Diang'a, born in 1984, is a resident of Railways Ward within the Kisumu Central Constituency. He completed his Kenya Certificate of Primary Education at Kosewe Primary School in 1999. He later ventured into entrepreneurship and established Kadiang'a Electrical, which has since grown to become one of the successful businesses in Kisumu. Silas currently serves as the Male Adult Representative in the Kisumu Central NGCDF Committee and is also a member of the Constituency Roads Committee</p>
 <p><b>Duncan Nyaranga</b> Nominee of CDF Board</p>	<p>Duncan Nyaranga Ojjo, born in 1976, is a resident of Kisumu Central Constituency. He began his education at Oriang Maywanda Primary School, where he completed his Kenya Certificate of Primary Education in 1992, and later attained his Kenya Certificate of Secondary Education from Oriwo Secondary School in 1996. He pursued a Diploma in Telecommunication Engineering at Kenya Polytechnic and graduated in 2001. In 2007, he obtained a bachelor's degree in business administration and project management from Daystar University. He further advanced his studies at the Technical University of Kenya, graduating with a bachelor's degree in electrical and Electronic Engineering. Duncan is currently a co-opted member of the NGCDF Committee in Kisumu Central Constituency.</p>
 <p><b>Ahmed Siyat Muhamed</b> Male youth Representative</p>	<p>Ahamed Siyat Muhamed, born in 2000, is a resident of Kisumu Central Constituency and a representative of the minority Somali community. He completed his Kenya Certificate of Primary Education at Highway Primary School in 2015 and went on to attain his Kenya Certificate of Secondary Education from Kisumu Day High School in 2019. Ahamed is currently engaged in business within Kisumu Central. He serves as the Male Youth Representative in the Kisumu Central NGCDF Committee and is also a member of the Monitoring and Evaluation Committee</p>

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 <p>Judith Adhiambo Onyango Female Adult Representative</p>	<p>Judith Odhiambo Onyango, born in 1990 and residing in Dunga Estate, Southern Sublocation, Kisumu Central Sub-County, completed her Kenya Certificate of Primary Education (KCPE) in 2006 and her Kenya Certificate of Secondary Education (KCSE) in 2010. In 2018, she founded Geo-Vision Farms, a company specializing in general supplies. She volunteered at the Kisumu Central Constituency office in 2023. In recognition of her dedication and service, she was appointed in 2025 as the Woman Adult Representative on the Kisumu Central NGCDF Committee. In the NGCDF committee she also serves as a member of the Bursary committee.</p>
 <p>Wycliffe K Langat DCC</p>	<p>Wycliffe K. Langat was born on 18th November 1969. He pursued his O-Level education at Litein High School and later proceeded to Kabianga High School for his A-Level studies. He holds a Master of Arts degree in Public Administration from Moi University. Mr. Langat has had a distinguished career in public service, having worked in public administration since 1994. Over the years, he has served in various administrative capacities within the national government. He currently serves as the Deputy County Commissioner (DCC) for Kisumu Central Sub-County.</p>

**NGCDFC Members who exited during the financial year**

Name of Member	Position	Period served
Ismael Noo	Co-Opted	2023-2025
Everlyne Aoko Egesa	Female Adult	2023-2025

#### 4. NG-CDFC Chairman's Report



**Millicent Atieno Omollo-  
Chairperson- Kisumu Central NG-CDFC**

##### **Executive Summary**

It is with great pleasure that I present chairman report for financial year 2024/2025. This year Kisumu Central NGCDF experienced mixed budget performance across sectors, with most allocations disbursed in the last quarter due to approval delays. While key development and service delivery objectives were achieved, implementation challenges and emerging policy issues affected the pace of execution. These brief outlines performance, achievements, emerging issues, and the way forward.

##### **Budget Performance**

Our performance for the fiscal year 2023/2024 reflects a strong commitment to the achievement of our planned activities. During the current year, the Kisumu Central Constituency managed a total budget of approximately Kshs 352,744,094.71 across nine sectors, with actual spending totaling Kshs 191,073,038.70 translating to 54% budget utilization. This is a revised budget due to the changeover from the cash-based reporting format to accrual basis reporting format. This change requires that NGCDF declares the actual expenditure at the constituency level and PMC level, previously disbursements to

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PMC were regarded as expenditure, however the new reporting format recognizes the actual expenditure at PMC level. This resulted in recognition of PMC balances at the beginning of the financial year as part of the budget for the constituency.

The Environment sector achieved 93% absorption of its Kshs 10,733,334 allocation, demonstrating efficient execution of conservation interventions within the constituency. We managed to distribute (14) 10,000-liter tanks to various schools within the constituency. Primary education projects utilized 58 percent of their Kshs. 105,170,929 budget spending Kshs. 60,914,438.60 for construction of classroom (11), construction new capacity laboratories ( 5) renovation of classrooms (28) expansions construction of Administration block (1) and supply of instructional laboratory equipment and materials, Secondary education projects spent Kshs 31,593,888.00 (45 percent of Kshs 69,559,217.00), driving infrastructure improvements in secondary schools : construction of new laboratories (2) , construction of administration block (1) , completion of new school (1) , construction of dormitory (1) and equipping of dormitory with 100 beds (1)while the Bursary program disbursed Kshs 68,535,578.00 —74 percent of its 92,809,303.94 appropriation—supporting 2,435 students, 29 of them being students categorized under Persons With Disabilities (PWDs).. By contrast, the Security sector realized only 22 percent of its KES 14.76 M allocation, Notably, the Emergency fund remained completely unutilized despite a KES 9.92 M budget since the constituency did not receive any request for emergency funding during the year under review

Sector	BUDGET	EXPENDITURE	% utilization
Administration	23,364,930.00	5,648,261.00	67%
Emergency	9,943,354.06	-	0%
Bursary	92,809,303.94	68,535,578.00	74%
Environment	10,733,333.66	9,943,802.10	93%
Primary	105,170,929.00	60,914,438.60	58%
Secondary	69,559,217.00	31,593,888.00	45%
Security	14,531,920.05	3,680,571.00	25%
Acquisition of Assets	500,000.00	494,000.00	99%
Others	5,824,922.00	262,500.00	5%
Unapproved Projects	20,306,185.00	-	0%
Total	352,744,094.71	191,073,038.70	54%

## FY 2024/2025



### Key Achievements during financial year 2024/2025

The Kisumu Central NG-CDF Committee successfully implemented a range of impactful development projects across the constituency. These interventions have not only addressed critical service delivery gaps but have also contributed significantly to social welfare, youth empowerment, and education. Notable achievements include:

#### Infrastructure development in schools

Successful completion of several education infrastructure projects including classrooms and laboratories. This includes

- constructions of new classrooms at manyatta primary ( 6), Xavierian primary (2), Kudho Primary (2)
- Establishment of new JSS schools St Paul’s Kanyakwar (3classrooms), Kisumu Union (4 classrooms and 1 administration block),
- Construction of new laboratories at Kondele primary, Mathews ondiek Primary, Kibuye Primary, Victoria Primary, Bishop Abiero Secondary and Nanga Secondary
- Renovation of classrooms Kosawo primary (6), Kondele primary (6), Lake primary (6), Dunga primary (6)

### **Support to Needy Students through Bursaries**

Timely disbursement of bursaries in the last quarter benefiting

- Supporting 87 students under full scholarship program
- Supporting 60 students under partial scholarship program
- Supporting 2406 students and 29 Special cases students under normal bursary program
- Supporting 400 students/beneficiary under the driving school sponsorship program.
- Supporting 800 students in colleges, universities under the college bursary program

### **Enhanced security infrastructure through security installation renovations.**

- Renovation of Regional Criminal Investigation offices

### **Environmental projects**

- Bunking and dyke construction of river Nyamasaria to prevent flooding at Nanga primary and Secondary schools and securing the livelihoods of about 15,000 residents of Nyalenda estate
- Distribution of water tanks to 14 schools

### **Collaboration and networking**

- In partnership with NGCDF Board under the Best Practice Projects the constituency managed to
  - Construct and Equip 10 classrooms with desks and safety equipment: st Mary's Kibuye Comprehensive school (4), St. Paul's Kanyakwar Comprehensive school (4), Kondele Comprehensive school (2)

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Construction to completion of 2No Classroom at Kondele Primary



Construction of 4no Classrooms at St Pauls Kanyakwar Comprehensive School

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Construction to completion of 4No Classroom at St Mary's Kibuye Comprehensive school

### **Emerging Issues**

Key issues affecting fund operations included: the High Court declaration that the NGCDF Act 2023 is illegal, raising uncertainty beyond 30th June 2025; mandatory migration to the Government's e-GPS procurement system; and increased bursary demand following the Controller of Budget's directive enabling county governments not to offer bursaries. Introduction of accrual basis of accounting being the first year of implementation

### **Challenges & Way Forward**

Implementation faced delays due to late call for project proposals (November instead of the first quarter), lengthy Board approval processes (with Kshs 26,839,518 still unapproved at year-end), and most disbursements occurring in the final quarter. Staff capacity gaps hindered timely reporting, and the procurement process was slowed by a shortage of qualified officers. Additionally, demand for projects outstripped available funding.

To address these, Kisumu Central NGCDF is prioritizing early proposal calls, engaging the Board for faster approvals, recruiting and training qualified staff, strengthening Project Management Committees (PMC), and prioritizing projects to align with funding capacity.



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**Millicent Atieno Omollo**  
*Chairperson*  
*Kisumu Central NGCDF Committee*

## **5. Statement Of Performance Against Predetermined Objectives for FY2024/25**

### **Introduction**

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

The key development objectives of the **NGCDF Kisumu Constituency 2023-2027** plan are to:

- (a) To institutionalize and to continue to build capacity of Kisumu central constituency.
- (b) To increase access to education and training opportunities.
- (c) To develop infrastructure aimed at improving living conditions of the constituents.
- (d) To promote social and cultural development.
- (e) To promote access to information, communication and technology to accelerate development and skills development.
- (f) To reduce insecurity within the constituency.
- (g) To improve the environment.

### **Progress on the 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:

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Sector	Objective	Outcome	Indicator	Performance
Education	To Improve access, affordability and availability of quality education to all school going children.	<ul style="list-style-type: none"> <li>• Adequate and conducive environment in terms of classrooms, library, laboratories, dormitories, halls to be used outcomes.</li> <li>• Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions</li> </ul>	<ul style="list-style-type: none"> <li>- number of usable physical infrastructure build in primary, secondary, and tertiary institutions</li> <li>- number of bursary beneficiaries at all levels</li> </ul>	<ul style="list-style-type: none"> <li>- In FY 2024/25</li> <li>- The constituency allocated funds Kshs 25,059,305 towards</li> <li>- construction of 5 laboratories in primary school under JSS program and 1 secondary school</li> <li>- 5 primary schools with improved/rehabilitated</li> <li>- Allocated funds for construction to completion of 4No Classrooms and 4roomed Admission Block on ground floor of 1 storey building.</li> <li>-Bursary to a total</li> </ul>

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Sector	Objective	Outcome	Indicator	Performance
				of Kshs 41,834,078 to approximately 8634 beneficiaries in secondary schools and Kshs 24,709,246 approximately 2600 students in colleges as per the attached schedules Completed the construction
Security	To enhance security within the constituency	Improved security and provision of services to constituents within the constituency	- Number of chief, ACC, DCC, assistant chief offices constructed.	Completed renovation of Regional DCI offices in Kisumu
Environment	To promote environmental sustainability in the constituency		Number of trees planted Number of Biogas (green environment ) projects	- Built gabions along river nyamasaria to prevent flooding in Nanga Primary

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Sector	Objective	Outcome	Indicator	Performance
				and Secondary Schools
Disaster Management	To cater for any unforeseen occurrences in the constituency	Emergency requests are dealt with promptly and effectively	Number of emergency response requests responded to Time taken to respond to emergency requests Number of Emergency reports sent	- the constituency did not incur any emergency expenses during the year
Intuitional strengthening	To promote performance of management and smooth running of NGCDF operations	<ul style="list-style-type: none"> <li>- Quality of work from motivated staff</li> <li>- Effective and active NGCDF Committee and harmonized governance body</li> <li>- Reflective and dynamic committee and staff able to adjust to changing</li> </ul>	<ul style="list-style-type: none"> <li>- Work plans, reports, accountabilities,</li> <li>- Board minutes, resolutions, evaluation report</li> </ul>	<ul style="list-style-type: none"> <li>- 13 staff employed and well enumerated.</li> <li>- File of all management resolutions well kept.</li> <li>- All reports due to the board submitted within the given timelines.</li> <li>- Developed work plans and</li> </ul>

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Sector	Objective	Outcome	Indicator	Performance
		operational circumstances.		submitted to the board
Tracking of results	To improve tracking of implementation of NGCDF projects	<ul style="list-style-type: none"> <li>• Strengths and Weaknesses in project implementation identified and addressed</li> <li>• Audit report, enhance and improved standards in financial management</li> </ul>	<ul style="list-style-type: none"> <li>• Reports, Success and case stories</li> <li>• Audit report, financial report</li> </ul>	<ul style="list-style-type: none"> <li>• 4 Quarterly and 1 annual report submitted with the timelines</li> <li>• Audit reports responded to and gave advice on the same adhered to.</li> </ul>

## 6. Governance Statement

### 1. Overview

Kisumu Central NGCDF has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the constituency. Kisumu Central NGCDF continues to endeavor to comply with the provisions of the NGCDF Act 2015 amended 2023, and all other affiliate laws that affect the operations of the organization. We remain committed to the highest standards of corporate governance and business ethics. We continuously assess our governance operating model to ensure that robust internal governing bodies and proper systems/processes are in place to support the Board and management to drive change, set strategic direction and formulate high-level goals and policies. The Constituency Development Fund Committee of Kisumu Central is responsible for the governance of the institution. The Committee members are committed to fulfilling their fiduciary responsibilities and have instituted various principles necessary to ensure that good governance is practiced with respect to dealings with the of the organization, customers and other relevant stakeholders in line

In the financial year under review, we continued to achieve high levels of governance by focusing on the following areas

- Improvement on provision of services to the constituents through development and adoption of service delivery charter by disseminating the information through short videos on social media pages and strategic areas within the constituency
- Development of quality policy statement and quality objectives (QMS) and documentation of internal process and documentation.
- Ensuring competencies and Continuous improvement on service delivery by vigorously training both the NGCDF committee and staff
- Ensuring execution of audit recommendations, audit independence and continuously enforcing strong internationally recognized accounting principles

- Ensuring timely reporting and disclosures of Constituency activities to the NGCDF Board and other relevant stakeholders
- Focusing on compliance with relevant laws and upholding the highest levels of integrity in the organization's culture and practice
- Continuously trained the staff and NGCDF committee on key aspects of the operation of the fund and emerging issues including the E-GPS system of procurement.

## **2. Organizational Structure:**

- i) **The National Treasury and Planning** is responsible for allocating budgetary provisions and providing policy guidance on development matters to the fund. It also funds the NGCDF budgets and offers financial directives for the effective and efficient management of the Fund.
- ii) **The NG-CDF Board** operates as a corporate board under the jurisdiction of the National Treasury and Planning. Its primary role is to ensure the efficient management of funds within constituencies. The board has a secretariat located in Nairobi, led by the Chief Executive Officer.
- iii) **The NG-CDF Committee (NG-CDFC)** is tasked with formulating project proposals in consultation with the local community through periodic ward-level forums. These proposals are then submitted to the NG-CDF Board for approval, and the committee facilitates Project Management Committees (PMCs) in the planning, implementation, and sustainability of projects at the constituency level.
- iv) **The Project Management Committee (PMC)** is responsible for executing projects on behalf of the local community. They collaborate with relevant government departments and prepare reports for submission to the NG-CDF Committee.

- v) The NGCDFC staff comprise of key personnel responsible for managing the affairs of the constituency. Key positions within the current staffing include the Clerk of Works, Accountant, Accountant, Account Assistant, Records Officer, Clerical Officer, Driver and Groundman.

#### **NGCDF Committee size, composition and appointments**

##### **a) Composition of the NGCDF committee**

The NGCDF Act 2015 amended 2023 Section 43 (1) (2) and (3) stipulates the composition of the NGCDF committee at the constituency level. The NGCDF committee shall be comprised of 10 members; Seven (7) gazetted and 3 appointed based on positions as outlined. Each Constituency Committee shall comprise of--

- a) The National government official is responsible for co-ordination of national government functions.
- b) Two men each nominated in accordance with subsection (3), one of whom shall be a youth at the date of appointment:
- c) Two women nominated in accordance with subsection (3). One of whom shall be a youth at the date of appointment:
- d) One person with disability nominated by a registered group representing persons with disabilities in the constituency in accordance with subsection (3).
- e) Two persons nominated by the constituency office established under Regulations made pursuant to the Parliamentary Service Act.
- f) The officer of the Board seconded to the Constituency Committee by the Board who shall be an ex officio member without a vote.
- g) One member co-opted by the Board in accordance with Regulations made by the Board.

##### **b) Recruitment of the NGCDF Committee**

Section 43 (4) and (5) of the NGCDF Act States that the seven persons referred to in subsection (2) (b), (c), (d) and (e) shall be selected in such Manner and shall have such qualifications as the Board prescribed in the NGCDF Regulations 2016 (5). The names of

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the persons selected under subsection (3) shall be submitted by the Board to the National Assembly for approval before appointment and gazettelement by the Board.

The process of recruitment is transparent and guided by Section 5 of the NGCDF Regulations 2016 through the guidance selection panel

**c) Term/Tenure of NGCDF Committee members**

Section 43 (8) of the NGCDF Act states that the term of office of the members of the Constituency Committee shall be two years and shall be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act, or as may be approved by the Board. The current NGCDF Committee expires 11<sup>th</sup> April 2025, the committee was gazetted on 21<sup>st</sup> May 2025 vide gazette notice Vol, CXXVII- 98. The current committee members are

No.	NAME	CATEGORY	WARD	Position
1	Silas Omondi Dianga	Male (Adult)	Market Milimani	Chairperson
2	Ahmed Siyat Muhumed	Male (Youth)	Railways	Member
3	Millicent Atieno Omollo	Female (Adult)	Kondele	Secretary
4	Ann Adhiambo Ochieng	Female (Youth)	Migosi	Member
5	Pius Otieno Ochieng	Pwd Representative	Railways	Member
6	William Oduori Otaya	Constituency Nominee (Male)	Kaloleni	Member
7	Judith Adhiambo Onyango	(Constituency Nominee) Female	Railways	Member
8	Dancan Nyaranga	NGCDF Board Co-opted Member	Market Milimani	Member
9	Wycliff K Langat	Deputy County Commissioner		Member
10	Naphtally Mulesi Ochuma	Fund Account Manager		Member

**d) Roles and Functions of NG-CDF Committee Members**

- **Resource Allocation**

The committee is responsible for determining how the NG-CDF funds are allocated within the constituency. This involves identifying priority areas for development and setting aside budgets for various projects and programs.

- **Project Identification**

NG-CDF Committees are tasked with identifying development projects within the constituency. They often consult with the local community to gather input and assess the needs of the constituency through public participation.

- **Project Selection**

Once projects are identified, the committee must evaluate and prioritize them based on their feasibility, impact, and alignment with the constituency's development goals.

- **Budgeting**

Committees are responsible for creating and managing budgets for approved projects. They need to ensure that funds are allocated appropriately and efficiently to cover project costs.

- **Project Implementation**

The committee monitors the progress of ongoing projects to ensure they are implemented according to plan. They may also address any challenges or delays that arise during implementation.

- **Financial Management**

NG-CDF Committees are responsible for the financial management of the funds allocated to the constituency. This includes managing bank accounts, financial reporting, and ensuring that funds are used in accordance with the law.

- **Accountability and Transparency**

Committees are expected to maintain a high level of transparency in their operations. They must provide regular reports to the public and stakeholders on the utilization of NG-CDF funds.

- **Community Engagement**

Committees should engage with the local community to keep them informed about the NG-CDF projects and to gather feedback and input on development priorities.

- **Audit and Evaluation**

NG-CDF Committees are subject to regular audits to ensure that funds are used for their intended purposes and in compliance with the law. They may also evaluate the impact of projects and make necessary adjustments.

- **Compliance with Regulations**

It's essential for NG-CDF Committees to comply with all relevant laws, regulations, and guidelines governing the use of constituency development funds.

- **Advocacy**

In some cases, NG-CDF Committees may advocate for additional resources or support from the national government to meet the development needs of their constituencies.

#### **e) Removal of NGCDF Committee Members**

The NGCDF Act Section 43 (13), 14 and 15 and Section 44 (1), (2), (3) and (4) prescribes the manner in which any member of the committee may be removed from office and the offences that can lead to removal from the position, The NGCDF regulations 2016 section 10 Subsection (1) to (22) further outlines the process, reasons of removal of the Members of the NGCDF Committee.

Here are some common reasons and the general process for removing NG-CDFC members:

- **Misconduct or Incompetence**

If an NG-CDFC member is found to be engaged in misconduct, malpractice, or incompetence in the performance of their duties, they can be removed from office. Misconduct may include corruption, embezzlement of funds, or any behaviour that undermines the integrity of the NG-CDFC.

- **Conviction of a Criminal Offence**

If an NG-CDFC member is convicted of a criminal offence, especially one related to corruption or financial impropriety, they may be subject to removal from their position.

- **Incapacity or Inability to Perform Duties**

If a member becomes incapacitated due to illness, injury, or any other reason that renders them unable to perform their duties effectively, they may be removed from the NG-CDFC.

- **Non-Attendance**

NG-CDFC members are expected to attend meetings and fulfil their responsibilities. Persistent non-attendance or failure to actively participate in the committee's activities can lead to removal.

The general process for removing NG-CDFC members typically involves the following steps:

- **Complaint or Petition**

In most cases, a complaint or petition outlining the reasons for removal is submitted to the NG-CDF Board or the relevant authority responsible for overseeing the NG-CDFC.

- **Investigation**

The NG-CDF Board or a designated body initiates an investigation into the allegations or reasons for removal. This investigation may involve gathering evidence, conducting interviews, and assessing the situation.

- **Recommendation**

After the investigation is completed, a recommendation is made based on the findings. If the evidence supports the removal of the NG-CDFC member, a formal recommendation for removal is made to the appropriate authority.

- **Decision and Approval**

The decision to remove an NG-CDFC member may require approval from the relevant authority.

- **Notification**

Once the decision to remove an NG-CDFC member is finalized and approved, the member is formally notified of their removal.

- **Replacement**

Depending on the circumstances, a process to fill the vacant NG-CDFC position may be initiated to ensure the committee continues to function effectively.

**f) Induction and training**

The organization continues to train its staff and committee members. This year the committee signed a performance contract with the NGCDF board and set the following as areas of interest for training

- I. Project management, Financial Management, procurement and other issues pertinent to NG-CDFC
- II. Cross Cutting issues- Alcohol and Drug Abuse, Safety and Security, Road safety, HIV/AIDS
- III. Risk Management
- IV. Sensitize NGCDFC on quality management system standards
- V. Conduct technical training for NG-CDFC driver/s
- VI. Corruption prevention

During the year under review the constituency organized for training of the committee members in Nakuru and the above areas were handled. The constituency also held consultative meeting with key relevant Government officers

**g) Remuneration of NGCDF board**

NGCDF Committee Members are paid a sitting allowance for every meeting attended as per circular dated 15<sup>th</sup> December 2022. As set by the Salaries Remuneration Commission. They are, however, not eligible for pension scheme membership and do not participate in any of the organizational remuneration or compensation schemes. Details of the allowance paid in the financial year under review are set out on the financial statements part of the annual report

Currently the Committee members are paid an allowance of Kshs 5,000 as sitting allowance for full NGCDF meeting held monthly and Kshs 2,500 for any sitting allowance at subcommittee levels.

**h) Number of Meetings**

During the year the committee held 5 meetings as shown in the table below.

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Name	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Silas Omondi Dianga-	10,000.00	-	-	5,000.00	5,000.00	-	5,000.00	-	-	5,000.00	-	-	30,000
Ahmed Siyat Muhumed	10,000.00	-	-	5,000.00	5,000.00	-	5,000.00	-	-	5,000.00	-	-	30,000
Millicent Atieno Omollo	14,000.00	-	-	7,000.00	7,000.00	-	7,000.00	-	-	7,000.00	-	-	42,000
Ann Adhiambo Ochieng	10,000.00	-	-	5,000.00	5,000.00	-	5,000.00	-	-	5,000.00	-	-	30,000
Pius Otieno Ochieng	10,000.00	-	-	5,000.00	5,000.00	-	5,000.00	-	-	5,000.00	-	-	30,000
William Oduori Otaya	10,000.00	-	-	5,000.00	5,000.00	-	5,000.00	-	-	5,000.00	-	-	30,000
Everlyne Aoko Egesa	-	-	-	-	-	-	-	-	-	-	-	-	-
Ismael Noo	10,000.00	-	-	5,000.00	5,000.00	-	5,000.00	-	-	5,000.00	-	-	30,000
Wycliff K Langat	10,000.00	-	-	5,000.00	5,000.00	-	-	-	-	5,000.00	-	-	25,000
Beryl Achieng	-	-	-	-	-	-	-	-	-	-	-	-	-
Naphtally Mulesi Ochuma	10,000.00	-	-	5,000.00	5,000.00	-	5,000.00	-	-	5,000.00	-	-	30,000
	94,000.00	-	-	47,000.0	47,000.00	-	42,000.00	-	-	47,000	-	-	277,000.

**i) Policy on Conflict of interest**

The NGCDF Committee members and NGCDF staff along other Officers of Government assisting offering NGCDF Services to the people are obligated to fully disclose to the NGCDF Committee any real or potential conflict of interest, which comes to any individual attention, whether direct or indirect. The statutory duty to avoid situations in which the individuals have or may have interests that conflict with those of the organization has been observed by the board in the financial year under review. All business transactions with all parties or their related parties are carried out at arm's length. An acknowledgement that should it come to the attention of a individual that a matter concerning the company may result in a conflict of interest obligates the individual to declare the same and exclude himself / herself from any discussion or decision over the matter in question.

**j) Succession Plan**

To ensure the continued effectiveness and stability of Kisumu Central NG-CDF, we are committed to implementing a robust succession plan in alignment with the NGCDF Act 2015, as amended in 2023. Our succession plan addresses the periodic recruitment and renewal of both the NG-CDF Committee and staff to support the organization's mandate and objectives.

**Committee Succession:**

The NG-CDF Committee, which is instrumental in guiding and overseeing the Fund's operations, is recruited every two years with the possibility of renewing terms for a maximum of two terms within a 5-year parliamentary cycle. To ensure seamless transitions and the retention of institutional knowledge, the succession plan includes:

- **Advance Planning:** Identifying potential candidates and preparing them for future committee roles.
- **Knowledge Transfer:** Documenting processes, decisions, and strategies to facilitate smooth handovers.
- **Training:** Providing ongoing professional development to current members to prepare them for leadership roles and ensure continuity in governance.

#### **Staff Succession:**

Staff members are employed on renewable contracts that do not exceed the 5-year parliamentary term. Our succession planning for staff includes:

- **Talent Development:** Fostering a pipeline of skilled professionals through targeted training and career development programs.
- **Performance Management:** Regularly evaluating staff performance and readiness for advanced roles.
- **Knowledge Management:** Maintaining comprehensive documentation of key processes and responsibilities to ensure continuity in the event of staff turnover.

By proactively managing succession, Kisumu Central NG-CDF aims to maintain organizational stability, uphold its commitment to effective service delivery, and ensure that the transition of both committee members and staff is handled smoothly and efficiently

#### **k) Ethics and Code of Conduct**

Ethics and code of conduct Kisumu Central and employees are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders and to respect the diverse cultures of the Kenyan people. The Constituency aligns itself to the ethics and code of conduct for government employees in Kenya which is primarily governed by the Public Officer Ethics Act, 2003 and the Public Service Code of Conduct and Ethics, 2016. Every employee is provided with a copy of the code and must commit to abide by its requirements as part of the employment contract with the institution. Some key points in the Act include:

**Rule of Law:** Public officers must uphold and respect the rule of law in their duties

**Responsibility and Duties:** They are expected to perform their duties with integrity, accountability, and transparency.

**Professionalism:** Public officers must maintain high standards of professionalism and competence.

**Conflict of Interest:** They must avoid situations where personal interests conflict with official duties.

**Financial Integrity:** Public officers are required to manage public resources responsibly and avoid any form of corruption.

**Political Neutrality:** They should remain neutral and not engage in political activities that could compromise their duties.

**Gifts and Benefits:** Accepting gifts or benefits that could influence their official duties is prohibited.

#### **l) Risk Management**

Effective risk management is vital for Kisumu Central Constituency to ensure that services are delivered properly and to maximize service provision. It plays a key role in maintaining compliance, managing the Fund efficiently, and improving overall service delivery. The NG-CDF Committee is instrumental in this process, responsible for coordinating and monitoring risk management initiatives, conducting risk assessments, developing risk monitoring systems, and consistently overseeing risks to ensure service goals are met. The constituency keeps a risk register that is updated monthly and provides quarterly reports to the NG-CDF Board. Additionally, it undergoes annual audits by the Auditor General's office, bi-annual audits by the NG-CDF Board's internal audit department, and routine audits by the Treasury's internal audit department, all of which help in reducing risks and mitigating fraud.

#### **m) Procurement policies**

We have in place procurement policies that promote a fair and transparent procurement process, with emphasis on value for money and building mutually beneficial relationships with our suppliers.

## 7. Management Discussion and Analysis

### 1. Overview

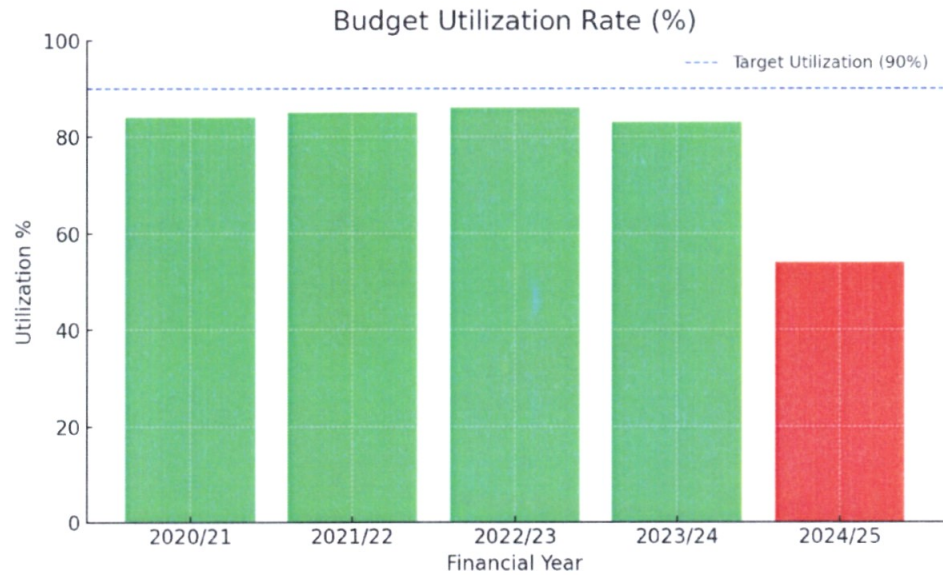
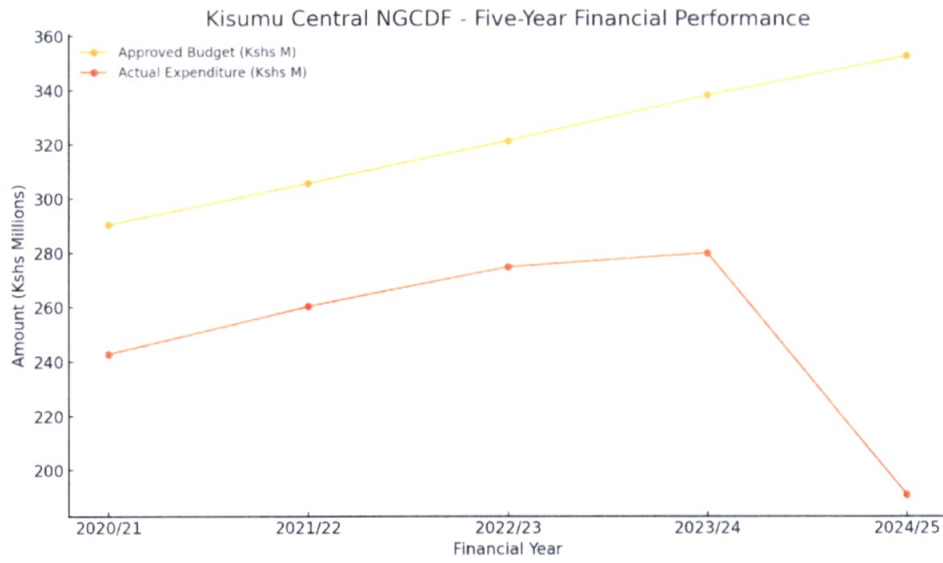
Over the past five financial years (2020/21–2024/25), Kisumu Central Constituency’s National Government Constituencies Development Fund (NG-CDF) has maintained its strategic focus on improving access to education, enhancing security infrastructure, promoting environmental sustainability, and supporting vulnerable groups. Guided by the NG-CDF Act 2015 (amended 2023) and aligned to Kenya’s Vision 2030, the Fund has consistently invested in people-centered, high-impact projects identified through community participation. In FY 2024/25, the Fund transitioned from the cash basis to the accrual basis of accounting under IPSAS 33, enhancing transparency in project-level expenditure recognition.

### 2. Financial Performance (Five-Year Trend)

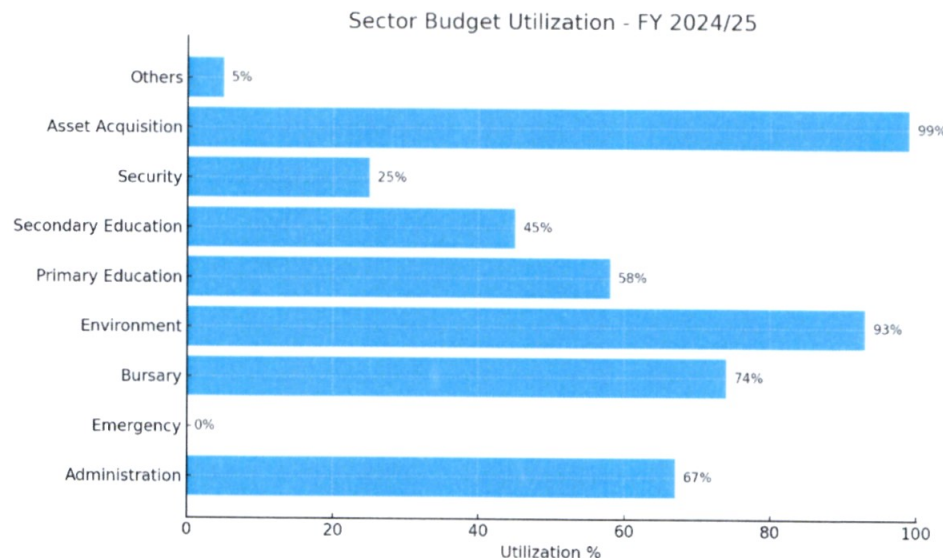
The Fund’s allocations have grown steadily, reflecting increased national budgetary support. However, utilization rates have fluctuated due to delays in project approvals, procurement bottlenecks, and emerging operational challenges.

Financial Year	Approved Budget (Kshs M)	funding from other depts	disbursement from previous year funds	total funds available	Actual Expenditure (Kshs M)	Utilization %
2020/21	137,088,879.31	-	78,647,555.00	215,736,434.31	149,939,514.00	70%
2021/22	137,088,879.00		40,405,957.00	177,494,836.00	158,437,899.00	89%
2022/23	151,960,174.00		6,217,078.00	158,177,252.00	91,985,452.00	58%
2023/24	184,129,901.00	16,740,583.00	68,941,046.00	269,811,530.00	193,682,974.00	72%
2024/25	188,414,052.19	-	60,870,484.01	249,284,536.20	156,641,980.26	63%
	798,681,885.50	16,740,583.00	255,082,120.01	1,070,504,588.51	750,687,819.26	70%

**National Government Constituencies Development Fund (NGCDF)**  
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**Sector Utilization – FY 2024/25**



**3. Key Projects Implemented (2020–2025)**

**School infrastructure development**

- Facilitated establishment of 4 new schools
- Construction of 45+ new classrooms
- 12 science laboratories in primary and secondary schools.
- renovation of over 70 classrooms.
- supply of instructional laboratory equipment.

**Education Bursary**

- Bursary & Scholarships: Over 12,000 students supported in the last five years, with special allocations to PWD students and full scholarship programs for top performers.

**National Administration and Security Sector infrastructure**

- Security Projects: Construction/renovation of chiefs’ offices and security posts; renovation of Regional Criminal Investigation Offices.

**Climate Change Mitigation**

- Environmental Conservation: Tree planting initiatives (over 15,000 seedlings in 5 years); flood mitigation works along River Nyamasaria benefiting ~15,000 residents.

#### **4. Compliance with Statutory Requirements**

The Fund remained compliant with the PFM Act 2012, NG-CDF Act 2015 (amended 2023), and IPSAS standards. Procurement was conducted as per PPADA 2015, and reports were submitted timely to the NG-CDF Board and Auditor-General.

#### **5. Major Risks and Mitigation**

Key risks include legal uncertainty from the High Court ruling on NGCDF Act 2023, procurement delays, high bursary demand due to reduced county allocations, and climate-related disasters. Mitigation measures include early project proposal calls, engagement with stakeholders, prioritization of projects, and integration of climate-resilient designs.

#### **6. Material Arrears**

As of 30 June 2025, the Fund had no arrears in statutory obligations. Pending payments related to ongoing projects remain within contractual timelines.

#### **7. Review of the Economy**

Kenya's GDP growth in 2024 was estimated at 5.6%, supported by agriculture recovery, manufacturing, and services. Inflation averaged 6.8%, impacting construction and material costs.

#### **8. Review of the Sector**

The education and infrastructure sectors remain priority areas under NG-CDF funding, with increased focus on Junior Secondary School infrastructure. Sector challenges include policy shifts, curriculum changes, and rising enrolments.

#### **9. Future Developments**

Future priorities include accelerating project approvals in Q1, expanding ICT/digital hubs, forming public-private partnerships for co-financing, and embedding climate-smart features in all projects.



Construction to completion of 45 student capacity laboratory at Kondele Primary School





Renovation to completion of County Criminal Investigation Offices at Kisumu Central Constituency





**Bursary Issuance within Kisumu Central Constituency**

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Naphtally Mulesi Ochuma  
Fund Account Manager

## **8. Environmental and Sustainability Reporting**

Kisumu Central Constituency NG-CDF operates under the authority of the NGCDF Act 2015, as amended in 2023, and the NGCDF Regulations 2016, with functions specified in Section 22 of the Regulations. Our mandate is to promote sustainable development through projects in the Education, Security, and Climate Change sectors. We take pride in integrating sustainability into our operations, ensuring that both direct and indirect impacts on the environment, communities, and the economy are considered. Central to our efforts is a commitment to environmental stewardship, aimed at preserving Kenya's natural beauty and addressing climate change. This report highlights our dedication to these principles and the steps we have taken to align our projects with sustainable development goals.

### **Mandate and Project Completion**

Our primary mandate is to ensure the timely and efficient completion of projects, with the NGCDF Act 2015 stipulating that no project should exceed three years before completion. Projects are identified based on public participation to ensure community engagement and acceptance. Implementation is carried out by Project Management Committees comprised of community members, which promotes transparency and fosters teamwork.

### **Sustainability Initiatives**

In line with our commitment to sustainability, we incorporate environmental considerations into all our projects. Our initiatives are designed to be environmentally friendly and to make effective use of locally available materials. Key environmental components in our projects include:

#### **Water Management:**

- Installation of water tanks for rainwater harvesting.
- Integration of water harvesting components to maximize water resource utilization.

#### **Energy Efficiency:**

- Use of automatic photosensitive switches to optimize energy consumption and reduce waste.

**Afforestation:**

- Tree planting initiatives to enhance green cover, improve air quality, and support local biodiversity.

**Community Engagement and Transparency**

To ensure that projects align with community needs and expectations, we engage the public in project identification and planning. This participatory approach fosters acceptance and enhances the effectiveness of our initiatives. Project Management Committees, which consist of local community members, oversee the implementation of projects, ensuring that they are managed transparently and efficiently.

**Resource Allocation**

Funding is strategically allocated with a preference for ongoing projects to ensure their successful completion. This approach supports continuity and minimizes disruptions in project implementation.

**Environmental Impact and Benefits**

Our projects are designed with a focus on minimizing environmental impact and promoting sustainability. By incorporating environmentally friendly features such as water harvesting systems, energy-efficient technologies, and afforestation efforts, we contribute to the preservation of Kenya's natural resources and address climate change challenges.

**1. Sustainability strategy and profile -**

To ensure sustainability of Kisumu Central NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. Education and Training:** Kisumu Central Constituency's focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would

have transitioned to the job market as employees or employers, thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalized groups, including girls and people living with disabilities.

- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well 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 the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Climate change:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

## 2. Environmental performance

NGCDF Board allocates funds for environmental mitigations i.e. a total of Kshs. 4,200,000 were allocated to the NGCDF Kisumu Central Constituency to facilitate planting of 200 seedlings and installation of 10,000 liters water tanks in fourteen different schools in the financial year 2023-2024. The NGCDF has been participating in tree planting sessions organized by the National Government, partnered with Equity bank in distribution of seedlings to primary and secondary schools and funded the diking, construction of gabions and planting of bamboo trees along river Nyamasaria to avoid flooding into Nanga Primary and Secondary Schools.

The NGCDF sensitization program, focused on training staff and the CDFC's, has been successful in enhancing the community's capacity to address drug abuse. By empowering

locals and improving their ability to educate and support the community, the program has made significant improvements in preventing drug abuse and enhancing a healthier, more informed society. Continued commitment and expansion of these efforts will be crucial for sustaining progress and achieving long-term positive impacts.

The NGCDF Sponsored sporting activities (County and regional Sports) in 2024 successfully integrated environmental conservation sensitization into community engagement efforts. By leveraging the popularity of sports and combining it with practical environmental messages, the program made a significant impact on raising awareness and fostering sustainable practices among local residents.

### **3. Employee welfare**

We invest in providing the best working environment for our employees. Kisumu Central 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 of our employees for exemplary performance. The reward and sanctions system are based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through an SHIF Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Kisumu Central 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 policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. 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-**

Kisumu Central 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 for purposes of uplifting them economically. Our ethical market practices ensure the fund get value for money on all goods and services procured. We are also committed to healthy relations with our suppliers, which is enhanced through organized sensitization forums that relate to the procurement of legal framework and ethical subject matters. We are dedicated to honoring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

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

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

Kisumu Central Constituency has endeavored to sustain community engagement through Public Participation as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through sports and community projects.

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

Kisumu Central Constituency deliberated project proposals from all the wards in the constituency and considered the most beneficial to the constituency, 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 the process that directly engages the concerned stakeholders in decision-making and considers public input in making that decision.

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

#### **Public Awareness**

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

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

#### **Conclusion**

Kisumu Central Constituency NG-CDF is dedicated to advancing sustainable development through carefully planned and executed projects. Our commitment to environmental stewardship is evident in our project designs and community engagement practices. We continuously strive to enhance our sustainability efforts and make a positive impact on the environment and the communities we serve



.....  
Name: Naphtally Mulesi Ochuma  
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 NGCDF-Kisumu Central Constituency is responsible for the preparation and presentation of Kisumu Central NGCDF's financial statements, which give a true and fair view of the state of affairs of Kisumu Central NGCDF 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 Kisumu Central NGCDF; 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 Kisumu Central NGCDF; Selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Kisumu Central Constituency accepts responsibility for Kisumu Central NGCDF'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 Kisumu Central NGCDF's financial position as at that date. The Accounting Officer charge of the NGCDF- Kisumu Central Constituency further confirms the completeness of the accounting records maintained for the constituency, which have been relied upon in the preparation of

*National Government Constituencies Development Fund (NGCDF)  
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Kisumu Central NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

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

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

#### Approval of the financial statements

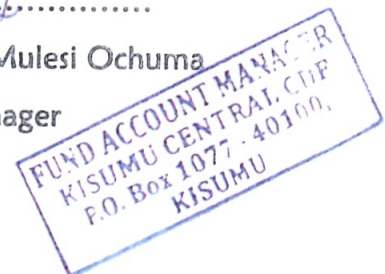
The NGCDF- Kisumu Central Constituency financial statements were approved and signed by the Accounting Officer on 3<sup>rd</sup> Sept 2025.



.....  
Name: Millicent Atieno Omollo  
Chairman – NGCDF Committee



.....  
Name: Naphtally Mulesi Ochuma  
Fund Account Manager



# REPUBLIC OF KENYA

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*Enhancing Accountability*

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

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund – Kisumu Central Constituency set out on pages 1 to 85, which comprise of the statement of financial position as at

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Kisumu Central 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 Constituency Development Fund Act, 2015 (Amended 2022) and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

### **Basis for Qualified Opinion**

#### **1. Accuracy and Presentation of Financial Statements**

The statement of financial position and as indicated in Note 23 to the financial statements reflects an amount of Kshs.629,388 in respect of property, plant and equipment and is described as 'work in progress' instead of the column for the totals. Additionally, the footer on the cover page is indicated 'Transitional IPSAS Financial Statements /Prepared in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS)', instead of mentioning whether the financial statements are transitional IPSAS financial statements or the financial statements are 'Prepared in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS). Furthermore, Note 2 to the financial statements is not clear on whether the financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS) or the entity has taken advantage of the transitional provisions under IPSAS 33.

In the circumstances, the accuracy and fair presentation of the financial statements could not be confirmed.

#### **2. Other Grants and Transfers**

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects other grants and transfers actual expenditure of Kshs.80,739,651 which includes bursary disbursements to secondary and tertiary institutions of Kshs.41,834,078 and Kshs.24,709,246 respectively. However, examination of payment vouchers revealed that bursary disbursements to the University of Nairobi, Oriwo Boys High School and St. Gregory Koru Girls High school vide cheque numbers 4199, 5524, 5814 respectively and amounting to Kshs.639,000, Kshs.216,000 and Kshs.400,000 respectively totaling to Kshs.1,255,000 were not supported with acknowledgement receipts from beneficiary institutions.

In the circumstances, the accuracy and completeness of other grants and transfers of Kshs.80,739,651 could not be confirmed.

### **3. Cash and Cash Equivalents**

The statement of financial position and as disclosed in Note 19 to the financial statements reflects cash and bank balances of Kshs.103,286,871. However, the following anomalies were noted:

- i. Included in this amount is project management committee (PMC) accounts balances amounting to Ksh.49,533,887. However, Management provided certificates of bank balances certifying Kshs.23,599,741; leaving Kshs.25,934,146 unsupported.
- ii. Additionally, operation account held in Cooperative Bank reported a nil balance. However, this was not supported by bank reconciliation statement and certificate of bank balance.

In the circumstances, the accuracy and completeness of the cash and cash equivalent balance of Kshs.103,286,871 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 - Kisumu Central Constituency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects a final budget and actual expenditure on a comparable basis of Kshs.352,564,094 and Kshs.190,863,171 respectively resulting in an under expenditure of Kshs.161,700,923 or 54% utilization of the budget.

In the circumstances, the gross under-expenditure affected 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 Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, Management had not resolved the issues as at 30 June, 2025 as detailed below:

S/No.	Financial Year	Issue
1.	2023/2024	Other Grants and Transfers
2.	2023/2024	Budgetary Control and Performance
3.	2023/2024	Engagement of Casuals Beyond the Stipulated Period of Three (3) Months
4.	2023/2024	Transfers of Other Government Units
5.	2023/2024	Weaknesses in Bursary Application Process

### Other Information

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

In connection with my audit on 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, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Engagement of Casuals Beyond the Stipulated Period**

Kisumu Central NG-CDF engaged fifteen staff in casual basis as per the employment agreement form signed on 1 January, 2024 for a period exceeding three months with a monthly wage of Kshs.5,000. The casual employees had been engaged for a continuous period of more than three months. However, the terms of employment were not converted to regular employment terms; contrary to Section 37(1(b) of the Employment Act, 2007 which requires that, where a casual employee performs work that cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more the contract of service of the casual employee shall be deemed to be one where wages are paid monthly.

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

### **2. Failure to Remit Taxes on Committee Expenses**

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects committee expenses of Kshs.3,092,400. Review of the documentation provided for review revealed that an amount of Kshs.2,247,900 was primarily allocated for payment of NG-CDF committee sitting allowances. However, it was observed that income tax was not deducted from the committee allowances disbursed to NGCDF committee members, nor was income tax remitted to the Kenya Revenue Authority (KRA); contrary to Section 3(2)(ii) (a) of the Income Tax Act which requires tax to be charged on income in respect of gains or profits from employment or services rendered.

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

### **3. Delayed Completion of Kosawo Secondary School**

The statement of financial performance and as disclosed in Note 13 to the financial statement reflects transfers to other government units of Kshs.99,611,737. Included in this amount is Kshs.35,631,808 disbursed to secondary schools out of which Kshs.11,385,628 was disbursed to Kosawo Secondary School PMC account on 16 May, 2025 for completion of third floor of a three-storey building consisting of 3 laboratories, a library, 2 halls and ablution block, roofing, walling of third floor, general finishes for the whole building (electrical, mechanical, painting works and decorations). On 26 November, 2020, a contract agreement was signed between a contractor and the management of NGCDF Kisumu Central Constituency for the construction of Kosawo Secondary School at a contract sum of Kshs.97,244,559. A variation of Kshs.13,494,693 was later approved increasing the contract sum to Kshs.110,739,252.

Review of payment records revealed that a total Kshs.106,322,041 translating to 96% of the value of the contract had been paid based on the certificates raised. As at the time of audit in October, 2025, it was noted that the contract period had elapsed on 7 April, 2025 and the security performance bond expired on 5 August, 2021 without renewal. However, painting works, fixing of windows, doors, ceiling board and general finishes remained incomplete.

In the circumstances, value for money and service delivery to the public may not be achieved.

#### **4. Delay in Implementation of 2024/2025 Financial Year Projects**

The statement of financial performance and as disclosed in Note 13 to the financial statement reflects expenses to other government units of Kshs.99,611,737. The ledger provided consists of eleven (11) Projects that were outstanding as at the end of the financial year 2023/2024 and not 2024/2025. The management explained that this resulted from late disbursement of funds. However, review of disbursements from the NG-CDF board indicates Kisumu Central NGCDF received Kshs.130,000,000 within the 2024-2025 financial year. Failure to complete projects as planned not only increases the cost of the projects, but may have also negatively impacted on service delivery to the public.

In the circumstances, value for money and service delivery on the expenditure could not be confirmed.

#### **5. Delayed Completion and Sub-Standard Works at Ondiek Primary School**

The statement of financial performance and as disclosed in Note 13 to the financial statement reflects expenses to other government units of Kshs.99,611,737. Included in the expenditure is Kshs.4,667,550 paid to Ondiek Primary for the completion of 45 capacity science laboratory. However, physical verification in October, 2025 revealed that there was poor workmanship more so on the walls that had numerous cracks. Additionally, there was no water in the lab due to incomplete plumbing works and the cabinets were yet to be fixed despite the contract completion date of 25 May, 2025. The contractor was not on site.

Additionally, although Kisumu Central NGCDF had equipped the school with laboratory equipment worth Kshs.421,861, it was not clear why the NGCDF procured the laboratory facilities yet the lab was not in the correct state to accommodate the equipment as they lay idle and are prone to breakage and damage.

Furthermore, the project has not been handed over to date. The students are therefore yet to benefit from the laboratory facilities.

In the circumstances, value for money and timely service delivery could not be confirmed.

#### **6. Failure to Observe Reservations in Employment**

Staff bio data provided for audit review revealed that Kisumu Central NGCDF has a total of fourteen (14) employees out of which, none are persons with disabilities; contrary to Section 13 of the Persons with Disability Act which requires the board to secure a reservation of 5% for all appointments to persons with disabilities.

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

#### **7. Non-Compliance with Public Procurement Capacity Building Levy**

The Management of Kisumu Central NGCDF did not remit 0.03% Capacity Building Levy to the Public Procurement Regulatory Authority for all contracts during the year

contrary to Section 3 (1) of the Public Procurement Capacity Building Levy Order, 2023 which requires that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and the procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

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

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

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

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

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

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

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

**Nairobi**


**02 December, 2025**

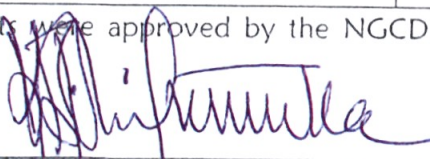
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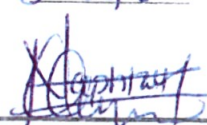
**11. Statement of Financial Performance for the Year Ended 30th June 2025**

	Note	2024-2025 Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	188,414,052
Transfers from domestic and foreign partners	7	-
Revenue from exchange transactions		
Finance income	8	-
Miscellaneous income	9	-
<b>Total revenue</b>		<b>188,414,052</b>
<b>Expenses</b>		
Employee costs	10	8,477,002
Committee expenses	11	3,092,400
Use of Goods and Services	12	5,932,585
Other Government Units Actual expenditure	13	99,611,737
Other Grants and Transfers Actual expenditure	14	80,739,651
Depreciation and amortization expense	15	204,113
Digital Hubs Expenses Actual expenditure	16	-
<b>Total expenses</b>		<b>198,057,487</b>
Other gains/losses)		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
<b>Surplus/Deficit) for the year</b>		<b>(9,643,435)</b>

The Constituency financial statements were approved by the NGCDFC on 30th sept 2025 and signed by:

  
Chairman NG-CDF  
Committee  
Name: Millicent Atieno  
Omollo

  
National Sub-County  
Accountant  
Name: Wycliffe Khamati

  
Fund Account Manager  
Name: Naphtally Ochuma

ICPAK M/No: R4205

**SUB COUNTY ACCOUNTANT  
KISUMU CENTRAL**

**FUND ACCOUNT MANAGER  
KISUMU CENTRAL**

*National Government Constituencies Development Fund (NGCDF)*  
*Kisumu Central Constituency*  
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12. Statement Of Financial Position As At 30th June, 2025

	Note	2024-2025	Opening Statement 1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	19	103,286,871	103,279,558
Receivables from Exchange Transactions	20	0	0
Receivables from Non-Exchange Transactions	21	58,414,052	60,870,484
Prepayments	22	89,317	79,704
<b>Total Current Assets</b>		161,790,240	164,229,746
<b>Non-Current Assets</b>			
Property, Plant and Equipment	23	629,388	339,500
Intangible Assets	24	0	0
Right-of-use assets	25	0	0
<b>Total Non- Current Assets</b>		629,388	339,500
<b>Total Assets (A)</b>		162,419,628	164,569,246
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	26	0	0
Third Party Deposits	27	7,360,512	1,204,379
Lease Liabilities	28	0	0
Gratuity Provision	29	3,054,460	1,716,777
<b>Total Current Liabilities</b>		10,414,972	2,921,156
<b>Non-Current Liabilities</b>			
Lease Liabilities	28	0	0
<b>Total Liabilities (B)</b>		10,414,972	2,921,156
<b>Net Assets (A-B)</b>		152,004,655	161,648,090
<b>Represented by:</b>			
Revaluation Reserves		152,004,655	161,648,090
Accumulated Surplus			
<b>Total Net Assets</b>		152,004,655	161,648,090

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

The Constituency financial statements set out on pages 1 to 86 approved by NG CDFC on 30<sup>th</sup> Sept 2025 and signed by:



Chairman NG-CDF  
Committee  
Name: Millicent Atieno  
Omollo



National Sub-County  
Accountant  
Name: Wyclife Khamatti

ICPAK M/No: R4205

**SUB COUNTY ACCOUNTANT  
KISUMU CENTRAL**



Fund Account Manager  
Name: Naphtally Ochuma

**FUND ACCOUNT MANAGER  
KISUMU CENTRAL  
E.O. No. 102/2015  
LISTED**

**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 <sup>th</sup> June 2024		15,258,073	15,258,073
<b>Adjustments</b>			
Recognition of Assets		147,594,396	147,594,396
Recognition of Liabilities		1,204,379	1,204,379
<b>As at July 1, 2024</b>		161,648,090	161,648,090
Surplus/(Deficit) For the Period		(9,643,435)	(9,643,435)
Revaluation Gain/Loss		-	-
<b>As at June 30, 2025</b>		152,004,655	152,004,655

*Breakdown and Explanatory Notes*

**1. Fund Balance as at 30th June 2024 (Kshs. 15,258,073)**

This represents the accumulated surplus brought forward from the previous financial year under the cash accounting framework. It includes unutilized funds, unspent project allocations, and residual operating balances.

**2. Recognition of Assets (Kshs. 147,594,396)**

During the transition to accrual accounting, the Fund recognized tangible and intangible assets that had not previously been recorded under the cash basis.

These included:

- PMC and operations bank balances verified through reconciliations.
- Disbursements owing from the NG-CDF Board, representing conditional approvals yet to be received.
- Prepayments for goods and services.
- Property, Plant, and Equipment (PPE) such as office furniture, ICT equipment, and motor assets.
- This recognition increased the total asset base and therefore the accumulated surplus.

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**3. Recognition of Liabilities (Kshs. 1,204,379)**

Represents the identification of third-party deposits and outstanding obligations existing as of year-end, including statutory deductions, supplier deposits, or refundable amounts. This adjustment reduced the overall net assets position.

**4. As at 1st July 2024 (Restated Opening Balance) – Kshs. 161,648,090**

This balance reflects the Fund's adjusted opening position under the accrual accounting framework after recognizing both assets and liabilities. It represents the true opening net asset position carried into FY 2024/2025.

**5. Surplus / (Deficit) for the Period (Kshs. –9,643,435)**

This reflects the operating deficit for the financial year ended 30th June 2025, arising from expenditure absorption on ongoing projects, administrative costs, and delayed disbursements. The deficit indicates higher spending relative to recognized income within the reporting period.

**6. Revaluation Gain / (Loss)**

No revaluation of assets was conducted during the year under review. Asset values remain carried at cost pending future valuation exercises as guided by the NG-CDF Board and PSASB directives.

**7. Closing Balance as at 30th June 2025 (Kshs. 152,004,655)**

This represents the Fund's net accumulated surplus after incorporating all adjustments and transactions for the financial year. It reflects the Fund's retained value and financial capacity to support ongoing and future development projects.

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

	Notes	2024-2025
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the NGCDF Board		190,870,484
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
<b>Total Receipts</b>		190,870,484
<b>Payments</b>		
Employee costs		7,139,319
Committee expenses		3,092,400
Use of Goods and Services		5,942,197
Other Government Units Certified Works		94,238,456
Other Grants and Transfers		79,956,798
Digital Hubs Expenses		-
<b>Total Payments</b>		190,369,171
<b>Net Cash Flows from/ (used in) Operating Activities</b>	30	501,313
<b>Cash flows From Investing Activities</b>		494,000
Purchase of PPE		494,000
Purchase of Intangible assets		-
Proceeds From Sale of PPE		
<b>Net Cash Flows from Investing Activities</b>		494,000
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		7,313
<b>Cash Flows from Financing Activities</b>		
Lease Payment		-
<b>Net Cash Flows from Financing Activities</b>		7,313
Cash and cash equivalents at 1 July	19	103,279,558
Cash and cash equivalents at 30 June	19	103,286,871

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024-2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024-2025	2024-2025		
<b>Revenue</b>							
Transfers From the NGCDF Board	188,414,052	103,279,558	60,870,484	352,564,094	294,150,042	58,414,052	83%
Transfers from domestic and foreign partners	-	-	-	-	-	-	0%
Finance income	-	-	-	-	-	-	0%
Miscellaneous income	-	-	-	-	-	-	0%
<b>Totals</b>	188,414,052	103,279,558	60,870,484	352,564,094	294,150,042	58,414,052	83%
<b>Expenses</b>							0%
Employee costs	8,091,221	4,397,482	-	12,488,703	7,139,319	5,349,384	57%
Committee expenses	3,700,525	616,058	-	4,316,583	4,780,100	(463,517)	111%
Use of Goods and Services	5,165,519	1,656,625	-	6,822,144	4,254,497	2,567,647	62%
Other Government Units Certified Works	54,290,914	85,212,780	35,226,452	174,730,146	94,238,456	80,491,690	54%
Other Grants and Transfers	91,297,267	11,396,613	25,144,032	127,837,912	79,956,798	47,881,114	63%

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	n
	a	b	C = (a+b)	d	e = (c-d)	f = d/c*100
2024-2025		Opening Balance (C/Bk) and AIA	2024-2025	2024-2025		
Acquisition of Assets	-	-	500,000	494,000	6,000	99%
Digital Hubs Expenses	5,562,422	-	5,562,422	-	5,562,422	%
Funds Pending Approval**	20,306,185	-	20,306,185		20,306,185	%
<b>Total Expenditure</b>	<b>188,414,052</b>	<b>103,279,558</b>	<b>352,564,094</b>	<b>190,863,171</b>	<b>161,700,923</b>	<b>54%</b>
Surplus for the period	-	-	(0)	103,286,871	(103,286,871)	

**Explanatory Notes:**

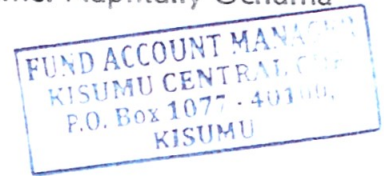
- Funds pending approval are sums not yet approved by the board for utilization and include approved allocations and/or AIA not yet allocated for specific projects. The board is yet to approve projects amounting to Kshs 20,306,185.
- Digital hubs implementation was not implemented due to lack of land, the parcel that had been identified is close to the road reserve. The constituency is in process of identifying new sites for the digital hub
- The pending funds under employee costs are due to carry over of balances from previous years. The constituency will allocate funds to other areas in financial year 2025/2026.
- The constituency received most of the funding towards the end of the fiscal year, hence due to the procurement processes it was hard to achieve the target for the year.
- The over expenditure in committee expenses was occasioned due to high expenses during the bursary distribution and call up for meetings and trainings that were not planned for during the planning/ budget period.

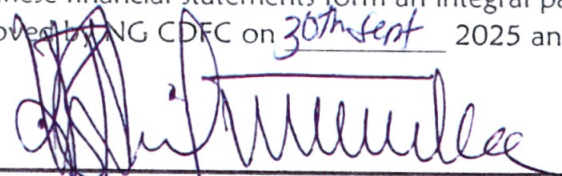
Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	161,700,923
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2025	58,414,052
Cash and Cash Equivalents at the end of the 30 <sup>th</sup> June 2025	103,286,871

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.  
 The Constituency financial statements were approved by NGCDF on 30<sup>th</sup> Sept 2025 and signed by:

  
 Fund Account Manager

Name: Naphtally Ochuma



  
 National Sub-County Accountant

Name: Wycliffe Khamati  
 ICPAK M/No: R4205



  
 Chairman NG-CDF Committee

Name: Millicent Atieno Omollo

16. Budget Execution by Sectors And Projects For The Year Ended 30<sup>th</sup> 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
<b>1.0 Administration and Recurrent</b>						
1.1 Compensation of Employees	8,091,221	4,397,482	-	12,488,703	7,139,319	5,349,384
1.2 Committee Allowances	684,000	125,200	-	809,200	1,070,200	(261,000)
1.3 Use of Goods and Services	2,529,622	912,804	-	3,442,426	2,269,980	1,172,446
<b>Sub Total</b>	<b>11,304,843</b>	<b>5,435,486</b>	<b>-</b>	<b>16,740,329</b>	<b>10,479,499</b>	<b>6,260,830</b>
<b>2.0 Monitoring and Evaluation</b>						
2.1 Capacity Building	828,525	198,315	-	1,026,840	1,345,700	(318,860)
2.2 Committee Allowances	2,188,000	292,543	-	2,480,543	2,364,200	116,343
2.3 Use of Goods and Services	2,635,897	481,321	-	3,117,218	1,460,517	1,656,701
<b>Sub Total</b>	<b>5,652,422</b>	<b>972,179</b>	<b>-</b>	<b>6,624,601</b>	<b>5,170,417</b>	<b>1,454,184</b>
<b>3.0 Emergency</b>						
3.1 Ezra Gumbe Primary School		26,825	-	26,825	18	26,807
3.2 Emergency Reserve	9,916,529		-	9,916,529		9,916,529
3.3 Unutilized		-		-		
<b>Sub Total</b>	<b>9,916,529</b>	<b>26,825</b>	<b>-</b>	<b>9,943,354</b>	<b>18</b>	<b>9,943,336</b>
<b>4.0 Bursary and Social Security</b>						
4.1 Primary Schools						

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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			
4.2 Secondary Schools	37,000,000	1,791,548	74,949	38,866,497	41,834,078	(2,967,582)	
4.3 Tertiary Institutions	27,365,621	37,468	17,641,627	45,044,716	24,709,246	20,335,470	
4.4 University	-	-	-	-	-	-	
4.5 Special Needs	1,000,000	290,635	-	1,290,635	-	1,290,635	
4.6 Vocational	-	-	7,427,457	7,427,457	-	7,427,457	
4.7 Social Security	-	-	-	-	-	-	
<b>Sub Total</b>	<b>65,365,621</b>	<b>2,119,651</b>	<b>25,144,032</b>	<b>92,629,304</b>	<b>66,543,324</b>	<b>26,085,980</b>	
<b>5.0 Sports</b>							
Kisumu Central Sport	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
<b>Sub Total</b>							
<b>6.0 Environment</b>							
6.1 Arya Primary School	-	300,000	-	300,000	298,450	1,550	
6.2 Dunga Primary School	-	300,000	-	300,000	298,450	1,550	
6.3 Ezra Gumbo Primary	-	300,000	-	300,000	298,450	1,550	
6.4 Joel Omimo Secondary School	-	300,000	-	300,000	298,451	1,549	
6.5 Joyland Primary Special School	-	300,000	-	300,000	299,273	727	
6.6 Kosawo Primary School	-	300,000	-	300,000	298,450	1,550	
6.7 Lutheran Special	-	300,000	-	300,000	299,623	377	
6.8 M.M Shah Primary School	-	300,000	-	300,000	299,056	944	
6.9 Manyatta Arabs Primary School	-	300,000	-	300,000	299,474	526	

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Programme/Sub-programme	Original Budget			Final Budget	Actual on comparable basis	Budget utilization difference
		Adjustments				
		Opening Balance (C/Bk) and AIA	Previous			
			Years'			
Outstanding Disbursements						
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
6.10 Manyatta Primary School	-	300,000	-	300,000	298,450	1,550
6.11 Obinju Kanyakwar Pri School	-	300,000	-	300,000	299,475	525
6.12 Pand Pieri Primary School	-	300,000	-	300,000	298,525	1,475
6.13 St. John Chrisostom Kudho Sec	-	300,000	-	300,000	298,450	1,550
6.14 Xaverian Secondary School	-	300,000	-	300,000	295,531	4,469
6.15 Nanga Primary and Sec School	6,533,334			6,533,334	5,483,898	1,049,436
<b>Sub Total</b>	<b>6,533,334</b>	<b>4,200,000</b>	-	<b>10,733,334</b>	<b>9,664,006</b>	<b>1,069,328</b>
<b>7.0 Primary Schools Projects</b>				-		-
Arina Primary School		521,822	-	521,822	367,299	154,523
Arya Primary School	-	1,796	-	1,796	-	1,796
Arya Primary School	-	-	4,745,292	4,745,292	4,590,571	154,721
Central Primary School	-	34,059	-	34,059	-	34,059
Central Primary School	-	6,791	-	6,791	-	6,791
Dunga Primary School	-	3,750,000	-	3,750,000	3,406,267	343,733
Dunga Primary School	-	297	-	297	126	171
Highway Primary	-	157,449	-	157,449	156,000	1,449
Highway Primary School	-	258,975	-	258,975	258,191	784
Joel Omino Primary School	-	144	-	144	-	144
Joel Omino Primary School	-	53	-	53	-	53
Joyland Primary Special School	-	12,141	-	12,141	-	12,141
Joyland Primary Special School	-	947	-	947	-	947
Kibuye Mixed Primary School	-	108	-	108	-	108

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Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference
	Kshs	Kshs	Opening Balance (C/Bk) and AIA		Kshs	Kshs	Kshs	Kshs	
			Previous Years' Outstanding Disbursements	Kshs					
Kibuye Mixed Primary School	-	4,745,291	421,861	-	5,167,152	5,095,554	71,599		
Kisumu Union Primary School	-	23,004	-	-	23,004	600	22,404		
Kisumu Union Primary School	-	349,613	-	-	349,613	339,829	9,785		
Kisumu Union Primary School	-	8,000,000	4,370,000	-	12,370,000	10,933,230	1,436,770		
Kondele Primary School	-	2,928,631	-	-	2,928,631	2,656,780	271,851		
Kondele Primary School	-	870	-	-	870	-	870		
Kondele Primary School	-	-	4,725,000	-	4,725,000	4,446,567	278,433		
Kosowo Primary School	-	3,554,417	-	-	3,554,417	3,556,406	(1,989)		
Kudho Primary	-	(1,255)	-	-	(1,255)	58	(1,313)		
Kudho Primary School	-	1,653	-	-	1,653	-	1,653		
Kudho Primary School	-	2,275,052	1,724,948	-	4,000,000	3,816,185	183,815		
Lake Primay School	-	3,802,406	-	-	3,802,406	3,479,284	323,122		
Lutheran Special	-	15,163	-	-	15,163	-	15,163		
M.M Shah Primary School	-	117,470	-	-	117,470	-	117,470		
Manyatta Primary School	-	4,354,472	-	-	4,354,472	4,353,694	778		
Manyatta Primary School	-	2,431	-	-	2,431	-	2,431		
Mathew Ondiek Primary School	-	421	-	-	421	360	61		
Mathew Ondiek Primary School	-	1,928,101	-	-	1,928,101	1,892,694	35,407		
Mathew Ondiek Primary School	-	-	5,421,861	-	5,421,861	496	5,421,365		
Migosi Primary School	-	38	-	-	38	-	38		
Obinju-Kanyakwar Primary School	-	8,507	-	-	8,507	360	8,147		
Pand Pieri Primary School	-	14,875	-	-	14,875	-	14,875		

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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	Kshs
Shaurimoyo Primary School	-	243,079	-	-	243,079	1,065	242,014
St Pauls Kanyakwar Primary School	-	659,886	-	-	659,886	622,001	37,885
St Pauls Kanyakwar Primary School	-	6,000,000	-	-	6,000,000	3,406,616	2,593,384
St. Vitalis Nanga Primary School	-	17,859	-	-	17,859	360	17,499
Victoria Primary	-	327	-	-	327	-	327
Victoria Primary School	-	5,000,000	421,861	-	5,421,861	4,749,567	672,294
Xaverian Primary School	-	5,069	-	-	5,069	600	4,469
Xaverian Primary School	-	4,000,000	-	-	4,000,000	2,782,911	1,217,089
Kondele Primary School	3,214,731	-	-	-	3,214,731	-	3,214,731
Kisumu Union Primary School	9,252,484	-	-	-	9,252,484	-	9,252,484
Kudho Primary School	4,040,466	-	-	-	4,040,466	-	4,040,466
Xaverian Primary School	4,040,466	-	-	-	4,040,466	-	4,040,466
Magadi Primary	5,000,000	-	-	-	5,000,000	-	5,000,000
Nanga Primary	5,000,000	-	-	-	5,000,000	-	5,000,000
<b>Sub Total</b>	<b>30,548,147</b>	<b>52,791,959</b>	<b>21,830,823</b>	<b>-</b>	<b>105,170,929</b>	<b>60,913,671</b>	<b>44,257,258</b>
<b>8.0 Secondary Schools Projects</b>							
Bishop Abiero Shaurimoyo Sec School	-	5,000,000	-	-	5,000,000	4,475,299	524,702
Bishop Abiero Shaurimoyo Secondary	-	28,771	-	-	28,771	600	28,171
Joel Omino Secondary School	-	2,100,000	-	-	2,100,000	2,088,747	11,253
Joel Omino Secondary School	-	7,999	-	-	7,999	-	7,999
Joyland Special Secondary School	-	46,175	-	-	46,175	1,191	44,984
Ken Obura Secondary School	-	19,850	-	-	19,850	-	19,850

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Programme/Sub-programme	Original Budget		Adjustments			Final Budget		Actual on comparable basis		Budget utilization difference
	Kshs	Kshs	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements		Kshs	Kshs	Kshs	Kshs	
				Kshs	Kshs					
Kisumu Day High School	-	186,790	-	-	-	186,790	600	186,190		
Kosawo Secondary School	-	13,394,964	11,385,628	-	-	24,780,592	13,867,318	10,913,274		
Lions High School	-	1,761,572	-	-	-	1,761,572	1,730,898	30,675		
St Peters Nanga Secondary School	-	5,000,000	-	-	-	5,000,000	4,712,290	287,710		
St. Ignatius Loyola Sec-Magadi	-	1,659	-	-	-	1,659	360	1,299		
St. John Chrisostom Kudho Secondary	-	31,419	-	-	-	31,419	30,512	908		
St. Theresa's Girls High School	-	1,851,624	-	-	-	1,851,624	1,743,333	108,291		
Joyland Secondary School	3,075,879	2,989,999	2,010,001	-	-	8,075,879	4,673,639	3,402,240		
Kisumu Boys High School	7,327,465	-	-	-	-	7,327,465	-	7,327,465		
Joel Omino Secondary School	3,451,226	-	-	-	-	3,451,226	-	3,451,226		
Kosawo Secondary School	9,888,197	-	-	-	-	9,888,197	-	9,888,197		
<b>Sub Total</b>	<b>23,742,767</b>	<b>32,420,821</b>	<b>13,395,629</b>	-	-	<b>69,559,217</b>	<b>33,324,786</b>	<b>36,234,431</b>		
<b>9.0 Tertiary Institutions Projects</b>										
	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-		
<b>Sub Total</b>										
<b>10.0 Security Projects</b>										
National Treasury Ksm Central	-	783	-	-	-	783	360	423		
Southern Sub-Loc Asst Chief's Office	-	31,765	-	-	-	31,765	30,576	1,189		
National Treasury Ksm Central	-	3,515	-	-	-	3,515	-	3,515		
Kisumu DCC Office	800,000	-	-	-	-	800,000	-	800,000		

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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
Kisumu DCC Office	3,195,000	-	-	3,195,000	-	3,195,000
Kisumu Central Police County Hq	3,086,783	-	-	3,086,783	-	3,086,783
Migosi Chief's Office	2,400,000	-	-	2,400,000	-	2,400,000
Kanyakwar Assistant Chief Office	-	773,598	-	773,598	-	773,598
DCC Kisumu Regional Office	-	3,790,000	-	3,790,000	3,199,159	590,841
Kisumu Central DCC Office	-	450,477	-	450,477	519,355	(68,879)
<b>Sub Total</b>	<b>9,481,783</b>	<b>5,050,137</b>	<b>-</b>	<b>14,531,920</b>	<b>3,749,450</b>	<b>10,782,470</b>
<b>11.0 Acquisition of Assets</b>						
12.1 M/Vehicles (Including M/bikes)	-	-	-	-	-	-
12.2 Purchase of Furniture and Fittings	-	-	-	-	-	-
12.2 Construction of NGCDF Toilet	-	-	-	-	-	-
12.3 Purchase of Laptops and Printer		-	500,000	500,000	494,000	6,000
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>	<b>494,000</b>	<b>6,000</b>
<b>12.0 Others</b>						
Obunga- Railway Ward Digital Hub	5,562,422	-	-	5,562,422	-	5,562,422
NGCDF Office	-	-	-	-	-	-
Strategic Plan	-	262,500	-	262,500	524,000	(261,500)
<b>Sub Total</b>	<b>5,562,422</b>	<b>262,500</b>	<b>-</b>	<b>5,824,922</b>	<b>524,000</b>	<b>5,300,922</b>
<b>13.0 Funds Pending Approval**</b>						
Unapproved Projects						
Manyatta Arabs Primary School	3,997,058	-	-	3,997,058	-	3,997,058

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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				
Obinju Kanyakwar Primary School	4,550,880	-	-	4,550,880	-	4,550,880	
Kisumu Union Primary	3,491,580	-	-	3,491,580	-	3,491,580	
Mm Shah Primary School	5,600,000	-	-	5,600,000	-	5,600,000	
Lions High School	1,600,000	-	-	1,600,000	-	1,600,000	
Kisumu Central DCC Motorcycle	1,066,667	-	-	1,066,667	-	1,066,667	
AIA	-	-	-	-	-	-	
Unutilized PMC Balance	-	-	-	-	-	-	
<b>Sub Total</b>	<b>20,306,185</b>	-	-	<b>20,306,185</b>	-	<b>20,306,185</b>	
<b>Total</b>	<b>188,414,052</b>	<b>103,279,558</b>	<b>60,870,484</b>	<b>352,564,094</b>	<b>190,863,171</b>	<b>161,700,923</b>	

*(NB: This statement is a disclosure statement indicating the utilization in the same format as Kisumu Central NGCDF's budgets which are program-based.)*

## **17. 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 Kisumu Central Constituency principal activity is

### **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 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 Public Finance Management (PFM) Act and the International Public Sector Accounting Standards (IPSAS). The NG-CDF Kisumu Central] has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach. Accordingly, this is the first transitional financial statement.

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

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

The recognition of all other non-financial assets acquired prior to the 2023/2024 financial year will be undertaken in the third year of the transition period, after the necessary identification and valuation processes have been completed. The 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 (include any other applicable legislation), and International Public Sector Accounting 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><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p><i>Not Applicable</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>Not Applicable</i></p>

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

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	<p>under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>Not Applicable</i></p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1<sup>st</sup> 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>Not Applicable</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1<sup>st</sup> 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>Not Applicable</i></p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in Kisumu Central NGCDF'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.</li> </ul> <p><i>Not Applicable</i></p>

*iii. Early adoption of standards*

Kisumu Central NGCDF did not early – adopt any new or amended standards in the financial year or *Kisumu Central NGCDF adopted the following standards early (state the standards, reason for early adoption, and impact on Kisumu Central NGCDF's financial statements.)*

#### 4. Summary of Significant Accounting Policies

##### a) Revenue recognition

##### i) Revenue from non-exchange transactions

###### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *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 Kisumu Central NGCDF.

###### **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 xx June 20xx for the period 1<sup>st</sup> July 2024 to 30<sup>th</sup> June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 15 of these financial statements.

**c) Property, plant and equipment**

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

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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. *Kisumu Central NGCDF does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, Kisumu Central NGCDF 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**

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

### **Subsequent measurement**

Based on the business model and the cash flow characteristics, Kisumu Central NGCDF 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 Kisumu Central NGCDF 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**

Kisumu Central NGCDF 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. Kisumu Central NGCDF recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*

## **b) Financial liabilities**

### **Classification**

Kisumu Central NGCDF 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 Kisumu Central NGCDF.

#### **h) Provisions**

Provisions are recognized when Kisumu Central NGCDF 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 Kisumu Central NGCDF 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. Kisumu Central NGCDF recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that Kisumu Central NGCDF will incur in fulfilling the present obligations represented by the liability.

#### **j) Contingent liabilities**

Kisumu Central NGCDF 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**

Kisumu Central NGCDF 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 Kisumu Central NGCDF 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**

Kisumu Central NGCDF 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. *(Kisumu Central NGCDF to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

**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

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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**

Kisumu Central NGCDF 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 Kisumu Central NGCDF, 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 Kisumu Central NGCDF'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. Kisumu Central NGCDF 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 Kisumu Central NGCDF. 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 Kisumu Central NGCDF.
- 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.

*(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

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6. Transfers from the NGCDF Board

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

7. Transfers from domestic and foreign partners

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

8. Finance income

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

9. Miscellaneous income

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

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10. Employees cost

	<i>2024-2025</i>
	Kshs
NG-CDFC Basic staff salaries	4,228,513
Personal allowances paid as part of salary	-
House Allowance	745,560
Transport Allowance	576,000
Leave allowance	78,000
Gratuity to contractual employees	1,337,683
Employer Contributions Compulsory national social security schemes	232,095
Employer Contributions Compulsory Housing levy	81,052
Employer contributions to National Industrial Training Authority	8,100
Other Specify	1,190,000
<b>Total</b>	<b>8,477,002</b>

11. Committee Expenses

	<i>2024-2025</i>
	Kshs
Sitting allowance	2,247,900
Other Committee expenses	844,500
<b>Total</b>	<b>3,092,400</b>

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12. Use of Goods and services

	<i>2024-2025</i>
	Kshs
Utilities, supplies and services	94,083
Communication, supplies and services	294,635
Domestic travel and subsistence	342,000
Printing, advertising and information supplies & services	336,225
Office Rent	-
Training expenses	1,345,700
Hospitality supplies and services	905,218
Insurance costs	130,305
Specialized materials and services	25,000
Office and general supplies and services	586,885
Fuel, oil & lubricants	533,564
Bank charges	71,930
Routine maintenance – vehicles and other transport equipment	316,100
Routine maintenance – other assets	136,940
Strategic plan expenses	524,000
Other operating expenses	290,000
<b>Total</b>	<b>5,932,585</b>

13. Other Government Units Actual expenditure

Description	<i>2024-2025</i>
	Kshs
Primary Schools Actual expenditure	63,979,929
Secondary Schools Actual expenditure	35,631,808
Tertiary Institutions Actual expenditure	-
<b>Total</b>	<b>99,611,737</b>

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14. Other Grants and transfers Actual expenditure

	<i>2024-2025</i>
	Kshs
Bursary – secondary schools	41,834,078
Bursary – tertiary institutions	24,709,246
Bursary – special schools	-
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	3,944,994
Climate change mitigation projects	10,251,315
Emergency projects Actual expenditure	18
Roads projects Actual expenditure	-
Others specify	-
<b>Total</b>	<b>80,739,651</b>

15. Depreciation and Amortization Expenses

Description	<i>2024-2025</i>
	Kshs
Property Plant and Equipment	204,113
Intangible Assets	-
<b>Total</b>	<b>204,113</b>

16. Digital Hubs Expenses

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

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17. Gain/loss on Sale of Assets

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

18. Impairment Loss

Description	2024-2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<i>(Include financial instruments that are impaired)</i>	-
Total Impairment Loss	-

19. Cash and Cash Equivalents

Name Of Bank and Account No.	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Bank Accounts (Cash Book Bank Balance)</b>		
<i>Family bank 028000038267 (Operations account)</i>	50,698,525	13,286,524.75
<i>Cooperative bank 01141495135700 Operations account pending closure</i>	0	1,791,548.00
<i>Family bank 028000048231 (Deposit account)</i>	3,054,459	1,716,777.00
<i>Various PMC accounts. (See Annex 2)</i>	49,533,887	86,484,707.89
<b>Total</b>	<b>103,286,871</b>	<b>103,279,558</b>
<b>Cash Balances</b>		
Location 1	-	-
Location 2	-	-
Other Locations <i>(Specify)</i>	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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20. Receivables from Exchange Transactions

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

i. Ageing Analysis for Receivables

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

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**21. Receivables from Non-Exchange Transactions**

Description	2024-2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	58,414,052		60,870,484	
Outstanding imprest	-		-	
<b>Total</b>	<b>58,414,052</b>		<b>60,870,484</b>	
Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	58,414,052	100%	60,870,484	100%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>58,414,052</b>	<b>100%</b>	<b>60,870,484</b>	<b>100%</b>

**22. Prepayments**

Description	2024-2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Prepaid Rent	-		-	
Prepaid Insurance	89,317		79,704	
Prepaid Electricity Costs	-		-	
Other Prepayments ( <i>Specify</i> )	-		-	
<b>Total</b>	<b>89,317</b>		<b>79,704</b>	

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23. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Work in progress	Service concession assets	Total
Depreciation Rate		10%	25.0%	20%	12.50%	30.00%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 <sup>st</sup> July 2024	-	-	-	-	300,000	110,000	-	-	410,000
Additions	-	-	-	-	-	494,000	-	-	494,000
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
As At 30th June 2025	-	-	-	-	300,000	604,000	-	-	904,000
Depreciation And Impairment									
Opening bal accumulated depreciation 1st July 2024	-	-	-	-	37,500	33,000	-	-	70,500
Depreciation	-	-	-	-	32,813	171,300	-	-	204,113
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
As At 30th June 2025	-	-	-	-	70,313	204,300	-	-	274,613
Net Book Values									
Opening Bal as at 1 <sup>st</sup> July 2024	-	-	-	-	262,500	77,000	-	-	339,500
As At 30th June 2025	-	-	-	-	229,688	399,700	-	-	629,388

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**Valuation**

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

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

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	300,000	-	-
Office Equipment, Furniture, And Fittings	110,000	-	-
<b>Total</b>	<b>410,000</b>	-	-

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

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

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24. Intangible Assets

Description	Period ended June 2025	Opening Statement 1st July 20XX
	Kshs	Kshs
Cost		
Opening balance at the beginning of the Period	-	-
Additions	-	-
Disposal	-	-
At end of the Period	-	-
Additions–internal development	-	-
Disposal	-	-
At end of the Period	-	-
Amortization and impairment		
At beginning of the Period	-	-
Amortization	-	-
At end of the Period	-	-
Impairment loss	-	-
At end of the Period	-	-
NBV	-	-

25. Right-of use assets

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Cost				
As At 1 July 2024(Comparative period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025(Comparative Period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 20xx (Current FY)	-	-	-	-
	-	-	-	-
Accumulated Depreciation				
As At 1 July 20xx (Comparative period)	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 20xx (Comparative period)	-	-	-	-
Charge for the period	-	-	-	-

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As At 30 June 20xx (Current FY)	-	-	-	-
<b>Carrying Amount</b>				
As At 30 June 20xx (Current FY)	-	-	-	-
As At 30 June 20xx. (Comparative Period)	-	-	-	-

**26. Trade and Other Payables**

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

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27. Third-Party deposits

	<i>2024-2025</i>	<i>Opening Statement 1st July 2024 Kshs</i>
	<b>KShs</b>	
Retention as at 1 <sup>st</sup> July (A)	1,204,379	-
Retention held during the year (B)	10,147,544	1,204,379
Retention paid during the Year (C)	3,991,410	-
<b>Closing Retention as at 30<sup>th</sup> June D= A+B-C</b>	<b>7,360,512</b>	<b>1,204,379</b>

Retentions aging analysis.

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

	<b>2024-2025</b>	<b>% of the total</b>	<b>2023-2024</b>	<b>% of the total</b>
Less than 1 year	7,360,512	100%	-	%
1-2 years	0	0	-	%
2-3 years	0	0	-	%
Over 3 years	0	0	-	%
<b>Total</b>	<b>7,360,512</b>		-	

28. Lease Liabilities

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

**Maturity Analysis**

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

**Analysed as:**

Description	Amount
Current	-
Non- Current	-
Total	-

**29. Gratuity Provision**

Description	2024-2025	Opening Statement
	Kshs	1st July 2024 Kshs
Gratuity at the beginning of the year 1 <sup>st</sup> of July	1,716,777	-
Gratuity held during the year	1,337,682	1,949,798
Gratuity paid during the year	-	233,021
<b>Total Gratuity Provision 30th June (A+B-C)</b>	<b>3,054,459</b>	<b>1,716,777</b>

### 30. Cash Generated from Operations

	<i>Period ended June 2025</i>
	Kshs
Surplus for the period before tax	(9,643,435)
Adjusted for:	
Depreciation	204,113
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
<b>Working capital adjustments</b>	
Changes in inventory	-
Changes in receivables	(2,446,819)
Changes in deferred income	-
Changes in Third party deposits	(6,156,133)
Changes in gratuity provision	(1,337,683)
Changes in payments received in advance	-
<b>Net cash flow from operating activities</b>	<b>501,313</b>

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

### 31. Financial Risk Management

Kisumu Central NGCDF's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. Kisumu Central NGCDF's overall risk management program 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. Kisumu Central NGCDF does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. Kisumu Central NGCDF's financial risk management objectives and policies are detailed below:

**i) Credit risk**

Kisumu Central NGCDF 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 Kisumu Central NGCDF'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 Kisumu Central NGCDF's maximum exposure to credit risk without taking account the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	58,414,052	58,414,052	-	-
Bank balances	103,279,558	103,279,558	-	-
<b>Total</b>	<b>161,693,610</b>	<b>161,693,610</b>	-	-
<b>As at 30 June 2024</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	60,870,484	60,870,484	-	-
Bank balances	103,279,558	103,279,558	-	-
<b>Total</b>	<b>164,150,042</b>	<b>164,150,042</b>	-	-

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

## Financial Risk Management

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

### ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June (Current FY)</b>				
Trade payables	-	-	-	-
Current poportion of borrowings	-	-	-	-
Provisions	-	-	7,360,512	7,360,512
Deferred income	-	-	-	-
Gratuity Provision	-	-	3,054,460	3,054,460
<b>Total</b>	-	-	<b>10,414,972</b>	<b>10,414,972</b>
<b>As at 30<sup>th</sup> June (Previous FY)</b>	-	-		
Trade payables	-	-	-	-

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Current portion of borrowings	-	-	-	-
Provisions	-	-	1,204,379	1,204,379
Deferred income	-	-	-	-
Gratuity Provision	-	-	1,716,777	1,716,777
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	<b>2,921,156</b>	<b>2,921,156</b>

**iii) Market risk**

Kisumu Central NGCDF has put in place an internal audit function to assist it in assessing the risk faced by Kisumu Central NGCDF 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 Kisumu Central NGCDF'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. Kisumu Central NGCDF'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 Kisumu Central NGCDF's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

Kisumu Central NGCDF 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. Kisumu Central NGCDF manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching

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the same with expected payments. The carrying amount of Kisumu Central NGCDF's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**2024-2025**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June (Current FY)			
Financial Assets	N/A	N/A	N/A
Investments	N/A	N/A	N/A
Cash	N/A	N/A	N/A
Debtors	N/A	N/A	N/A
Total Financial Assets	N/A	N/A	N/A
Financial Liabilities			
Trade And Other Payables	N/A	N/A	N/A
Borrowings	N/A	N/A	N/A
Total Financial Liabilities	N/A	N/A	N/A
Net Foreign Currency Asset/(Liability)	N/A	N/A	N/A

**Foreign currency sensitivity analysis**

**2024-2025**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June (Current FY)			
Financial Assets	N/A	N/A	N/A
Investments	N/A	N/A	N/A
Cash	N/A	N/A	N/A
Debtors	N/A	N/A	N/A
Total Financial Assets	N/A	N/A	N/A
Financial Liabilities			
Trade And Other Payables	N/A	N/A	N/A
Borrowings	N/A	N/A	N/A
Total Financial Liabilities	N/A	N/A	N/A
Net Foreign Currency Asset/(Liability)	N/A	N/A	N/A

## Financial Risk Management

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

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>2024-2025</b>			
Euro	10%	N/A	N/A
USD	10%	N/A	N/A
<b>2023-2024</b>			
Euro	10%	N/A	N/A
USD	10%	N/A	N/A

### b) Interest rate risk

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

#### Management of interest rate risk

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

#### Sensitivity analysis

Kisumu Central NGCDF analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular

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foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (Current FY: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (Current FY – Kshs xxx)

**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 Kisumu Central NGCDF’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. Kisumu Central NGCDF considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				

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Financial Assets				
Quoted Equity Investments	N/A	N/A	N/A	N/A
Non- Financial Assets				
Investment Property	N/A	N/A	N/A	N/A
Land And Buildings	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A
As at 30 <sup>th</sup> June 2024				
Financial Assets				
Quoted Equity Investments	N/A	N/A	N/A	N/A
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
Total	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

Description	2024-2025	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	152,004,655	161,648,090
Capital Reserve	-	-
<b>Total Funds</b>	<b>152,004,655</b>	<b>161,648,090</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	103,286,871	103,279,558
Net Debt/(Excess Cash And Cash Equivalent)	48,717,784	58,368,532
Gearing	32%	36%

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**32. Related Party Disclosures**

	2024-2025	Opening Statement 1 <sup>st</sup> July 20xx
	Kshs	Kshs
<b>Committee Members Remuneration</b>		
Sitting allowance of committee Members during the year	2,247,900	2,163,700
<b>Transaction with the NGCDF Board</b>		
Transfers from the NGCDF Board during the year	188,414,052	200,870,484
<b>Total</b>	<b>190,661,952</b>	<b>203,034,184</b>

**33. Segment Information**

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

**34. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

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

*(Give details)*

### Contingent Liabilities

Description	2024-2025	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
<b>Contingent Liabilities</b>	NA	NA
Court Case xx against Kisumu Central NGCDF	NA	NA
Bank Guarantees in Favour of Subsidiary	NA	NA
Contingent Liabilities arising from Contracts Including PPPs	NA	NA
Others (Specify)	NA	NA
<b>Total</b>	NA	NA

### 35. Capital Commitments

Capital Commitments	2024-2025	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Authorised for	NA	NA
Authorised and Contracted for	NA	NA
<b>Total</b>	NA	NA

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments maybe those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing).*

### 36. Events after the Reporting Period

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

### 37. Ultimate And Holding Entity

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

### 38. Currency

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

18. Annexes  
 Annex 1: Summary of Asset Register

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land	-	-	-	-
Buildings and structures	2,099,168	-	-	2,099,168
Transport equipment	7,730,103	-	-	7,730,103
Office equipment, furniture, and fittings	1,664,358	-	-	1,664,358
ICT Equipment and Other ICT Assets	955,642	494,000	-	1,449,642
Other Machinery and Equipment	-	-	-	-
Intangible assets	-	-	-	-
<b>Total</b>	<b>12,449,271</b>	<b>494,000</b>		<b>12,943,271</b>

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

PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Comparative FY
ARINA PRIMARY SCHOOL	ABC BANK - Kisumu	004215001005591	154,522	521,822
ARYA PRIMARY SCHOOL	ABC BANK - Kisumu	004215001005590	1,796	1,796
CENTRAL PRIMARY SCHOOL	ABC BANK - Kisumu	004224001000976	34,059	34,059
JOEL OMINO PRIMARY SCHOOL	ABC BANK - Kisumu	004224001000868	144	144
KEN OBURA SECONDARY SCHOOL	ABC BANK - Kisumu	004224001000912	19,850	19,850
KUDHO PRIMARY SCHOOL	ABC BANK - Kisumu	004215001000996	1,653	1,653
NATIONAL TREASURY KISUMU CENTRAL SUB COUNTY	ABC BANK - Kisumu	004215001006154	423	783
SOUTHERN SUB-LOCATION ASSISTANT CHIEF'S OFFICE	ABC BANK - Kisumu	004215001005825	229	30,805
ST. IGNATIUS LOYOLA SEC-MAGADI	ABC BANK - Kisumu	004215001006142	1,298	1,659
ST. VITALIS NANGA PRIMARY SCHOOL	ABC BANK - Kisumu	004215001005460	17,498	17,859
VICTORIA PRIMARY	ABC BANK - Kisumu	004224001000974	326	327
LIONS HIGH SCHOOL	ABC BANK - Kisumu	004224001000975	30,674	1,761,572
M.M SHAH PRIMARY SCHOOL	ABC BANK - Kisumu	004215001005588	118,414	417,470
MATHEW ONDIEK PRIMARY SCHOOL	ABC BANK - Kisumu	004224001000914	60	420

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PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Comparative FY
OBINJU-KANYAKWAR PRIMARY SCHOOL	ABC BANK- Kisumu	004215001005824	8,147	8,507
BISHOP ABIERO SHAURIMOYO SECONDARY	Coop Bank – Kisumu Kondele	01139295151000	28,171	28,771
DCI KISUMU CENTRAL	Coop Bank – Kisumu Kondele	1101397756001	590,841	-
JOEL OMINO SECONDARY SCHOOL	Coop Bank – Kisumu Kondele	01101161034001	11,253	2,400,000
KISUMU DAY HIGH SCHOOL	Coop Bank – Kisumu Kondele	01141662875200	186,190	186,790
KISUMU UNION PRIMARY SCHOOL	Coop Bank – Kisumu Kondele	01141739180800	22,404	23,004
KUDHO PRIMARY SCHOOL	Coop Bank – Kisumu Kondele	01101052394001	183,815	2,275,052
MANYATTA ARABS PRIMARY SCHOOL	Coop Bank – Kisumu Kondele	01101048273001	526	300,000
OBINJU KANYAKWAR PRIMARY SCHOOL	Coop Bank – Kisumu Kondele	1101090095001	525	300,000
Xaverian Primary School	Coop Bank – Kisumu Kondele	01141870137300	4,469	5,069
XAVERIAN SECONDARY SCHOOL	Coop Bank – Kisumu Kondele	110129971001.00	4,405	300,000
BISHOP ABIERO SHAURIMOYO SEC SCHOOL	DTB Bank - West End Mall	0269883001	524,702	5,000,000
KIBUYE MIXED PRIMARY SCHOOL	DTB Bank - West End Mall	0269844001	71,599	4,745,291
KOSAWO PRIMARY SCHOOL	DTB Bank - West End Mall	0275513002	(514)	3,854,417
MATHEW ONDIEK PRIMARY SCHOOL	DTB Bank - West End Mall	346226001	5,421,465	-

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PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Comparative FY
ARYA PRIMARY SCHOOL	Equity Bank - Kisumu	1260285593247	154,721	300,000
LAKE PRIMAY SCHOOL	Equity Bank - Kisumu	290280509545	323,123	3,802,406
NATIONAL TREASURY KISUMU CENTRAL SUB COUNTY	Equity Bank - Kisumu	290282076384	3,515	3,515
PAND PIERI PRIMARY SCHOOL	Equity Bank - Kisumu	290282232625	14,875	14,875
ST PAULS KANYAKWAR PRIMARY SCHOOL	Equity Bank - Kisumu		2,599,384	6,000,000
ST PETERS NANGA SECONDARY SCHOOL	Equity Bank - Kisumu	1260286406526	1,049,436	-
ST PETERS NANGA SECONDARY SCHOOL	Equity Bank - Kisumu	1260285593268	287,710	5,000,000
ST. THERESA'S GIRLS HIGH SCHOOL	Equity Bank - Kisumu	290279441335	108,291	1,851,624
XAVERIAN SECONDARY SCHOOL	Equity Bank - Kisumu	290280711882	6,791	6,791
KOSAWO SECONDARY SCHOOL	Equity Bank – Kisumu Ang'awa	290280407832	10,913,274	13,394,964
JOYLAND PRIMARY SPECIAL SCHOOL	Equity Bank – Kisumu Main	290281309974	947	947
HIGHWAY PRIMARY SCHOOL	Family Bank - Kisumu Express	28000039200	1,449	157,449
JOEL OMINO PRIMARY SCHOOL	Family Bank - Kisumu Express	28000042526	53	53
JOYLAND PRIMARY SPECIAL SCHOOL	Family Bank - Kisumu Express	28000041892	12,868	12,141
KISUMU UNION PRIMARY SCHOOL	Family Bank - Kisumu Express	28000047821	9,784	349,613

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PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Comparative FY
KONDELE PRIMARY SCHOOL	Family Bank - Kisumu Express	28000039173	271,851	2,928,631
KONDELE PRIMARY SCHOOL	Family Bank - Kisumu Express	28000053918	278,433	-
KUDHO PRIMARY	Family Bank - Kisumu Express	28000041696	(1,313)	(1,255)
LUTHERAN SPECIAL	Family Bank - Kisumu Express	28000041785	15,540	315,163
MANYATTA PRIMARY SCHOOL	Family Bank - Kisumu Express	28000041707	2,328	4,654,472
MATHEW ONDIEK PRIMARY SCHOOL	Family Bank - Kisumu Express	28000047671	35,408	1,928,101
EZRA GUMBE PRIMARY SCHOOL	Family Bank – Kisumu Express	28000046186	28,357	326,825
DUNGA PRIMARY SCHOOL	KCB Bank	1333248865	343,733	4,050,000
MAGADI PRIMARY	KCB Bank - Kisumu	1340927217	2,500,000	-
MANYATTA PRIMARY SCHOOL	KCB BANK – Kisumu	1161424598	2,431	2,431
DUNGA PRIMARY SCHOOL	KCB BANK – Kisumu Main	1138181811	171	297
HIGHWAY PRIMARY SCHOOL	KCB BANK – Kisumu Main	1316895149	784	258,975
JOEL OMINO SECONDARY SCHOOL	KCB BANK – Kisumu Main	1282600664	7,999	7,999
JOYLAND SECONDARY SPECIAL SCHOOL	KCB BANK – Kisumu Main	1316896277	44,984	346,175
KIBUYE MIXED PRIMARY SCHOOL	KCB BANK – Kisumu Main	1316244954	108	108

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PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Comparative FY
KONDELE PRIMARY SCHOOL	KCB BANK – Kisumu Main	1145795145	870	870
MIGOSI PRIMARY SCHOOL	KCB BANK – Kisumu Main	1317672852	38	38
SHAURIMOYO PRIMARY SCHOOL	KCB BANK – Kisumu Main	1316123820	242,014	243,079
ST PAULS KANYAKWAR PRIMARY SCHOOL	KCB BANK – Kisumu Main	136244245	37,885	659,886
ST. JOHN CHRISOSTOM KUDHO SECONDARY	KCB BANK – Kisumu Main	1259628213	2,458	31,419
JOYLAND SECONDARY SPECIAL SCHOOL	Sidian Bank - Kisumu	1009710007922	433,462	-
KISUMU UNION PRIMARY SCHOOL	Sidian Bank - Kisumu	01009910005866	1,436,770	8,000,000
VICTORIA PRIMARY SCHOOL	Sidian Bank - Kisumu	1009710005656	672,294	5,000,000
XAVERIAN PRIMARY SCHOOL	Sidian Bank - Kisumu	1009710005666	1,217,089	4,000,000
PAND PIERI PRIMARY SCHOOL		0290282232625	1,550	300,000
ST. JOHN CHRISOSTOM KUDHO SECONDARY			1,550	300,000
JOEL OMINO SECONDARY SCHOOL			3,451,226	
KUDHO PRIMARY			4,040,466	
XAVERIAN PRIMARY			3,088,045	
KISUMU BOYS HIGH			3,327,465	

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PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Comparative FY
MIGOSI CHIEFS CAMP			1,030,777	
NANGA PRIMARY SCHOOL			1,063,191	
JOYLAND SECONDARY SPECIAL SCHOOL			3,075,879	
			<b>49,579,003</b>	<b>86,484,708</b>

Annex 3: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>Basis for Qualified Opinion</b>				
<b>Other Grants and Transfers</b>				
	<p>The Statement of Receipts and Payments and as disclosed in note 8 to the financial statement reflects an amount of Kshs.72,179,993 relating to other grants and transfers, which include bursary to secondary, tertiary and special schools of Kshs.60,284,496.</p> <p>Review of ledgers in respect of bursaries to tertiary institutions include an adjustment of Kshs. 1,971,548, out</p>	<p>The variance relates to adjustments made by reversal of cheques back to the cash book. The reversed cheques were stale. Attached find list of reversed cheques and cash book showing the reversals.</p>	Not Resolved	December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	of which Kshs.1,771,458 relates to unpaid cheques reversed to the Cashbook, resulting in an unsupported variance of Kshs.200,000.			
<b>Emphasis of Matter Budgetary Control and Performance</b>				
	The Summary of Appropriation for the year ended 30 June 2024 reflected final budgeted receipts amounting to Kshs.280,243,147. However, out of the approved budget, only Kshs.219,372,664 (78.2%) was disbursed during the year resulting in a revenue shortfall of	We acknowledge the audit observation and would like to provide the following explanation: <ul style="list-style-type: none"><li><i>The constituency receives funds from the NGCDF Board, which in turn receives its disbursements from the National</i></li></ul>	Not Resolved	December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.60,870,484. It was further noted that, out of the Kshs.280,243,147 total expenditure budget, only Kshs.204,114,592(73%) was spent during the year while Kshs.76,128,555(27%) remained unutilized as at 30 June, 2024. The underfunding and underperformance affected planned activities and may have impacted negatively on service delivery to the public. My opinion is not modified in respect of this matter</p>	<p>Treasury.                      However, the timely release of funds from the National Treasury to the Board and subsequently to the constituency has been affected by various factors, including delays in the disbursement process at the national level.</p> <ul style="list-style-type: none"> <li>In the financial year under review, the NGCDF Board experienced delays</li> </ul>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>in receiving funds, and not all the allocated funds were disbursed within the period. As a result, the constituency was impacted by these late disbursements, which affected the planned activities and the overall utilization of funds.</p> <ul style="list-style-type: none"> <li>It is important to note that, despite these challenges, the constituency received a total of</li> </ul>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Kshs.208,208,941. Of this amount, Kshs.204,114,592 was successfully spent, representing a 98% utilization rate. While a shortfall in disbursements did occur, the funds that were received were effectively utilized, and the activities that were carried out were largely successful</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)
<b>Other Matter</b>				
<b>Unresolved Prior Year Matters</b>				
	<p>In the audit report for the previous years, several paragraphs were raised under the report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. Although the Management has indicated that issues have been resolved, no evidences was provided to support that the issues were resolved.</p>	<ul style="list-style-type: none"> <li>All Audit reports for previous years have been resolved with the audit team. The constituency is awaiting to appear in the devolved Funds Account Committee in the National Assembly for clearance.</li> </ul>	Not Resolved	Waiting for Date to appear before DFAC
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES</b>				
	<p>As required by article 229(6) of the Constitution, based on the audit procedures</p>	<p><b>Management Response</b></p> <ul style="list-style-type: none"> <li>We acknowledge the observation made in the audit</li> </ul>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>performed except for the effect of matters described in the basis for conclusion and Lawfulness in the use of Public resources section of my report. I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.</p> <p>Basis for Conclusion</p> <p>1. Engagement of Casuals beyond the Stipulated Period of Three (3) months</p> <p>Kisumu Central NG-</p>	<ul style="list-style-type: none"> <li>According to Section 37(1) of the Employment Act, 2007, a casual employee's contract shall be deemed to be one where wages are paid monthly if the employee works for a continuous period of not less than one month or performs work that extends beyond three months. However, it is important to note</li> </ul>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>CDF engaged fifteen staff in casual basis as per the employment agreement form signed on 1 January, 2024 for a period exceeding three months with a monthly wage of Ksh.5000. The casual employees had been engaged for a continuous period of more than three months. However, the terms of employment were not converted to regular employment terms, contrary to Section 37 of the Employment Act, 2007 which provides for conversion of the casual employment to regular employment</p>	<p>that casual employment can be legally engaged for a period not exceeding two years as per the provisions of Section 37(1) of the Employment Act. After this period, the casual employee is required to be converted to a regular employee, with a formal contract that adheres to the terms outlined for regular employees.</p> <ul style="list-style-type: none"> <li>In our case, while the casual employees in</li> </ul>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>terms for employees who have worked in an entity continuously for more than two months.</p> <p>In the circumstances, the Management was in breach of the law</p>	<p>question have worked for a period exceeding three months, their engagement is still within the permissible duration of casual employment as per the law, which allows for such arrangements for up to two years. We are in the process of reviewing the terms of engagement to ensure compliance with the law and will take appropriate steps to convert the contracts to regular</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)
		<i>employment terms as needed.</i>		
<b>Transfer of Other Government Units</b>				
	<p><b>Delay in Completion of projects</b></p> <p>Annex 3 to the financial statement outlines fifteen (15) Projects budgeted to cost kshs 76,128,556 that were to be implemented in the year under review but remained outstanding at the end of the financial year as evidenced in the schedule for the projects availed of audit review. The project implementation status showed that most of the complete projects were actually</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>expected to implemented in the 2022/2023 financial year and not 2023/2024. Failure to complete projects as planned not only increases the cost of the projects, but may also have negatively impacted on service delivery to the public.</p>	<p><b>Management Response</b>                      We acknowledge the audit findings and wish to provide the following clarification:</p> <ul style="list-style-type: none"> <li>The contracts for the renovation of classrooms at Lake Primary School and the construction of latrines at Joel Omino Secondary School were signed</li> </ul>	<p>Not resolved</p>	<p>December 2025</p>
	<p><b>Lack of Notice of Project Extension period</b>                      A transfer of Kshs. 3,540,585 was made to Lake Primary School for renovation to completion of 6 classrooms. The expected start date was 30 September 2024 while the expected completion date was</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>30 October 2024. However, project inspection in December 2024 revealed that the work is still ongoing and contractor is still on site despite the lapse of the contract period. No evidence of project extension was provided for audit review.</p> <p>Further a transfer of Kshs 2,100,000 was made to Joel Omino Secondary School for construction to completion of 10 door pit latrine. The expected start date was 24 September.</p>	<p>with the expectation that the work would be completed within the agreed timelines. However, the progress of the projects was significantly disrupted due to the national exams at the end of the year. For a period of approximately one and a half months, a government directive restricted access to learning institutions, allowing only authorized examination</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>2024 while the expected completion date was 11 November 2024. However, field inspection in December 2024 revealed that the work remains incomplete and contractor was not on site. No evidence of project extension was provided for audit review</p>	<p>officials on site during the exam period.  Following the completion of the exams, the contractors formally requested an extension of the contract periods. These requests were reviewed and subsequently approved by the project manager. We have attached the contractors' request letters (4.4A) and the corresponding approval documents from the project manager (4.4B).</p>		
	<p>2. Weaknesses in Bursary Application Process  Review of sampled secondary schools'</p>	<p><b>Management Response</b> We acknowledge the audit observation and would like to address the identified issues regarding the bursary application process for the 2023-2024 financial year.</p>	<p>Not Resolved</p>	<p>December 2025</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>bursary application forms for the 2023-2024 financial year revealed weaknesses as detailed below: A significant portion of the bursary application forms were blank, incomplete or lacked necessary signatures/approvals, making it impossible to ascertain the approval status of the bursary for each applicant. Further Six hundred and seventy-eight (678) beneficiaries received bursaries amounting to Kshs.3,165,124 but their admission numbers were missing. Without this key information the audit</p>	<p><b>1. Incomplete Bursary Application Forms:</b> We recognize that a significant portion of the bursary application forms were found to be blank and incomplete. This issue stemmed from a lack of proper oversight during the application collection process. We have since implemented a more rigorous review and follow-up mechanism to ensure that all application forms are properly filled out and complete</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)
	could not conclude if the process is subjected to fair and merited award process.	<p><i>before submission. Furthermore, we will ensure that applicants are informed of the importance of providing all required information in future application cycles.</i></p> <p><b>2. Lack of Signatures in the Official Use Section:</b> We acknowledge that the section designated for official use by the NG-CDF Bursary Committee was left blank, and the chairman and secretary did not</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>sign the forms. This issue was a result of an oversight in the documentation process. Going forward, we will implement a checklist and review mechanism to ensure that all necessary signatures are obtained before bursary approvals are finalized. We will also ensure that the approval status is clearly documented on each application form.</p> <p>3. Home Visit Questionnaires for</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><b>Full Scholarship Awards:</b> It was noted that the home visit questionnaires for full scholarship awards were not signed by the committee, and the recommendation section was left blank. This was due to an administrative gap in ensuring proper documentation of home visits and committee recommendations. We have taken corrective action by instituting a more structured</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>process for home visits and will ensure that all relevant sections are signed off by the committee members and recommendations are duly recorded moving forward.</p> <p>4. <b>Missing Admission Numbers for Beneficiaries:</b> We understand the concern regarding the missing admission numbers for the 678 beneficiaries who received bursaries amounting to Kshs.3,165,124. This issue arose</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>due to an oversight during the compilation of beneficiary records. To address this, we are now implementing a more robust record-keeping system to ensure that all required details, including admission numbers, are included in future bursary disbursements. We will also conduct a verification exercise to ensure that all records are complete and accurate.</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)
		We are committed to improving the bursary application process and ensuring full compliance with the guidelines set forth by the National Treasury. We will take the necessary steps to prevent these issues from recurring and ensure that future bursary allocations are properly documented and approved.		

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Name: Naphtally Ochuma.  
Fund Account Manager.