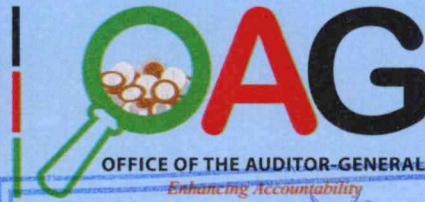


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 26 NOV 2025

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WEDNESDAY

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DEPUTY MAJORITY  
WHIP

REPORT

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FINLAT

PARLIAMENT  
OF KENYA  
LIBRARY

OF

THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND - MALAVA  
CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE, 2025



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT

FUND MALAVA 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)

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

## 2. Key Constituency Information and Management

### (a) Background information

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

### Mandate

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

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

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Functions of NG-CDF Committee

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

(b) Key Management

The NGCDF Malava Constituency's day-to-day management is under the following key organs:

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

Fiduciary Management

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

No	Designation	Name
1.	AIE holder	Humprey Sechero
2.	National Sub-County Accountant	Edward Okoth
3.	Chairman NGCDFC	Everlyne Wawire
4.	Member NGCDFC	Patrick Kharinda
5.	Member NG CDFC	Susan Wembe

(c) Fiduciary Oversight Arrangements

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF Malava 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 Malava Constituency Headquarters -

P.O. Box 281, 50103  
NGCDF House  
Off Kakamega-Webuye Road next to Malava town  
Malava, KENYA.

(e) NGCDF Malava Constituency Contacts

Telephone: (254) 711 261 664  
E-mail: [cdfmalava@ngcdf.go.ke](mailto:cdfmalava@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

(f) NGCDF Malava Constituency Bankers

1. Operations Account  
Co-operative Bank of Kenya Limited  
Kakamega Branch  
P.O. Box Kakamega  
A/C No. 01141165163100
2. Deposit Account  
Co-operative Bank of Kenya Limited  
Kakamega Branch  
P.O. Box Kakamega  
A/C No. 01101283761001
3. Project Management Committee Accounts  
Co-operative Bank of Kenya Limited  
Kakamega Branch  
P.O. Box Kakamega  
A/C No. 01141165163100

(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

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City Square 00200  
Nairobi, Kenya

3. NGCDF Committee

Name	Details
	<p><i>Everlyne Wawire</i>  <i>Date of Birth: 1<sup>st</sup> October 1974.</i>  <i>Certificate in Secretariat</i>  <i>Worked as a community Health Promoter.</i></p>
	<p>Patrick Kharinda  Date of Birth 30<sup>th</sup> May 1970  A level and Short course certificates in counselling, sports, skillful parenting, financial and banking education.</p>
	<p>Geoffrey Murwa.  Date of Birth 28<sup>th</sup> Jan 1990  College (ATC level 1 Kasneb). Currently practicing Poultry Farming</p>
	<p>Benard Indangalasia  Date of Birth: 14<sup>th</sup> September 1965  C.P.E  Small scale farmer basically majoring in Dairy Farming and Poultry Farming. And a chairperson in Catholic Men Association</p>
	<p>Thomas Karakacha  Date of Birth: 22<sup>nd</sup> July 1973  Short courses in Public Funds Management  Employed by Coca-Cola bottlers as a bottle inspection for two years.  Employed at Jugon Jugglery as a supervisor for one year</p>

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	<p>Moses K Wasike Date of birth 1<sup>st</sup> August 1965 Short courses in Procurement and finance. BOG Member Namanja Secondary School Committee Member Kerra</p>
	<p>Susan Wembe D.O.B. 2<sup>nd</sup> December 1992 Diploma in ECD Not employed</p>
	<p>Judith Wafula Date of Birth: 30<sup>th</sup> May 1974 Form 2 Worked as a Farm Manager for 10 years</p>
	<p>Date of Birth: 15<sup>th</sup> June 1987 Bachelor of commerce finance option, MBA FINANCE, CPA K, Member of institute of internal auditors (IIA), and Member ICPAK. 13yrs as an accountant</p>

*(List the NG CDFC members who exited during the financial year and the period they served.)*

1. Koikoi K. Zakaria – 2022-2023

4. NG-CDFC Chairman’s Report



Everline Wawire  
 Chairperson Malava NGCDFC

Malava Constituency has seven (7) Wards namely East Kabras, West Kabras, South Kabras, Butali Chegulo, Manda Shivanga, Mugai Shirugu and Chemuche. The constituency currently has 155 Primary schools and 55 Secondary schools in the public sector. It is one of the highly populated constituencies within Kakamega County and above all, a purely rural constituency. Owing to this, there is heavy pressure on the available funds in terms of infrastructure development as well as education bursary needs.

Budget Performance Overview

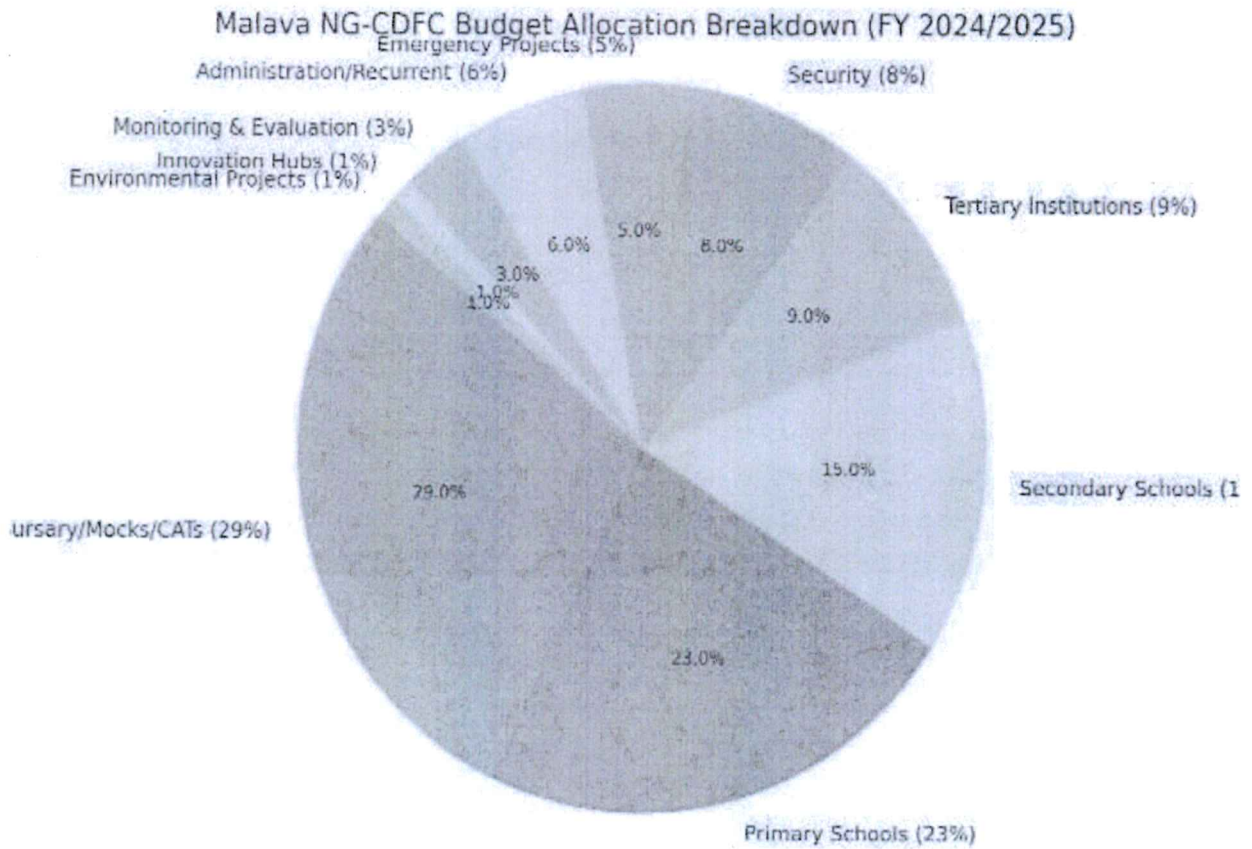
For the financial year 2024/2025, Malava Constituency was allocated a total of Ksh. 197,386,150.23 under the National Government Constituency Development Fund (NG-CDF). The allocation supported key priority projects across the constituency.

Budget Allocation by Project Category

NAME OF PROJECT	AMOUNT ALLOCATED (KSHS)
Administration/Recurrent	11,843,169
Monitoring and evaluation/Capacity Building	5,921,585
Bursary/Mocks/Cats	56,815,845

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Emergency Projects	10,388,744
Environmental Projects	1,016,807
Capital Grants to Primary Schools	45,900,000
Security Projects	15,500,000
Capital Grants to Secondary Schools	30,300,000
Capital Grants to Tertiary Institutions	17,700,000
Innovation Hubs	2,000,000
	197,386,150



**National Government Constituencies Development Fund (NGCDF)**  
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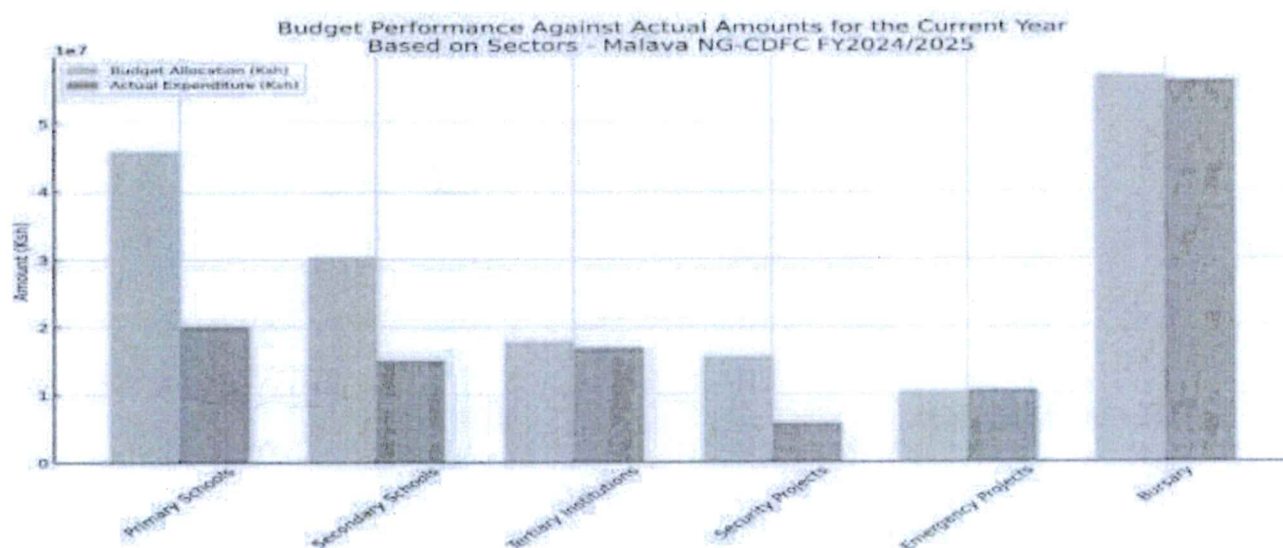
**Financial report**

For the financial year 2024/2025, Malava Constituency was allocated a total of Ksh. 197,386,150.23. During the year, the constituency received Ksh. 149,000,000 out of the total allocation.

Additionally, the following funds were available:

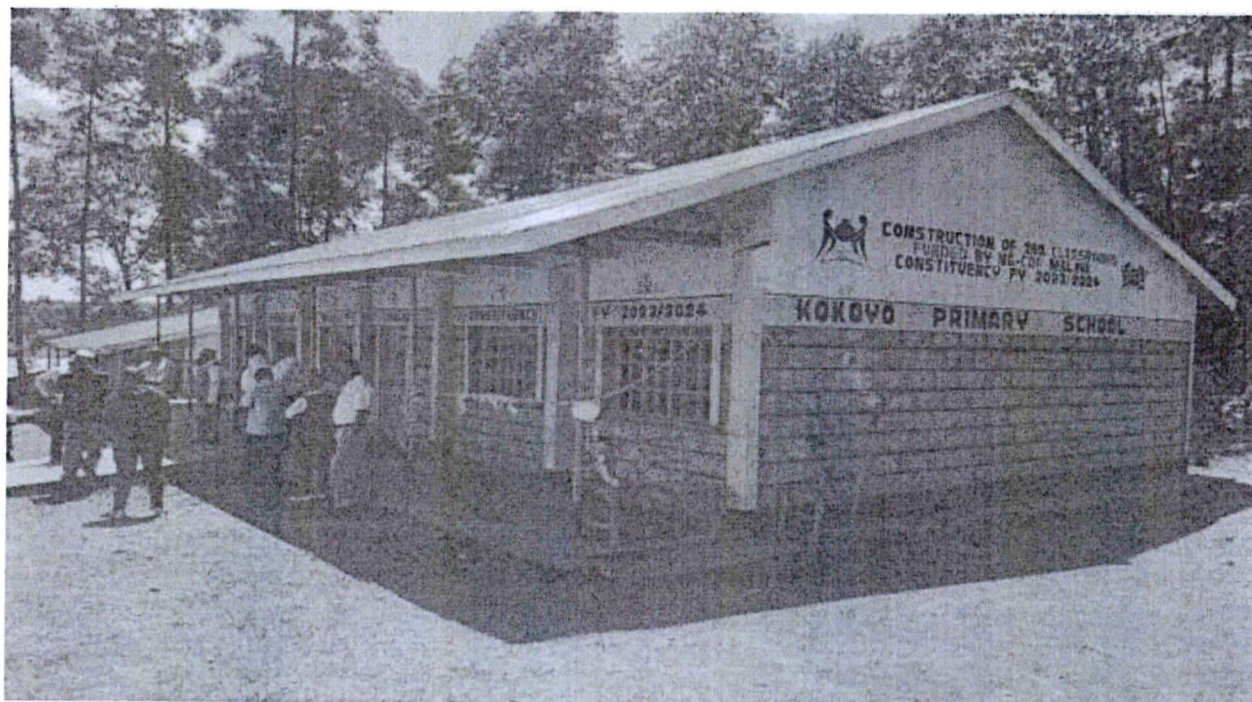
- Balance brought forward from the previous financial year: Ksh. 29,026,388.19
- Funds received from FY 2023/2024 allocation: Ksh. 73,702,482.00
- Project Management Committee (PMC) Savings: Ksh. 1,125,226.82

This brought the total available funds for the year to Ksh. 252,854,097.01. The total amount paid during the financial year was Ksh. 227,484,117.00, leaving a closing balance of Ksh. 25,369,980.01 to be carried forward.

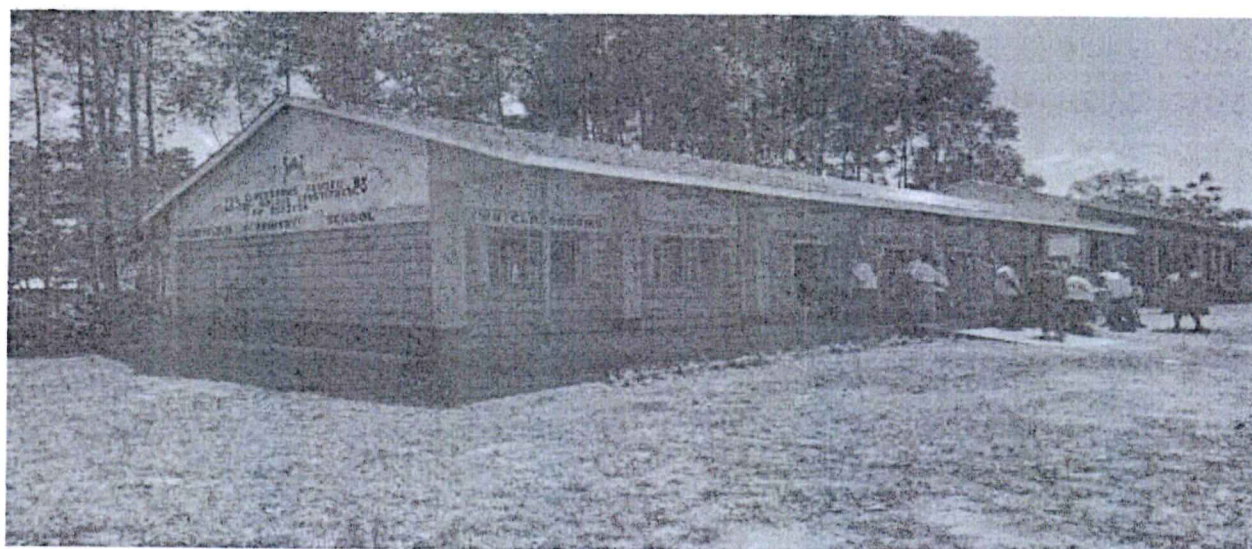


**Achievements**

1. Education Support - Over Ksh. 56 million has been disbursed in bursaries, benefiting thousands of students in secondary, tertiary, and special institutions.
2. Infrastructure Development - Multiple classrooms have been constructed and renovated in both primary and secondary schools across the constituency.



Kokoyo Primary School – Construction of 2 no. Classrooms funded by Malava NGCDF Financial Year 2024/2025



Lunyenyeleli Primary School - Construction of 2 no. Classrooms funded by Malava NGCDF Financial Year 2024/2025

#### Emerging Issues

1. Heavy rainfall in the constituency throughout the year making classroom roofs to be blown off by strong winds and pit latrines sinking.

2. Difficulty in accessing the projects due to poor roads as a result of the heavy rainfall and the wide area coverage
3. Community Expectations vs. Funding Limitations - Very high population hence increased need for infrastructural developments in both the education and security sectors
4. Increased Demand for Bursaries -
5. Inflation and Rising Project Costs
6. Delayed disbursement of funds by the National Government affect implementation of Projects as per the implementation schedule.

#### Challenges

1. Shortage of Public Works Officers in the County
2. Lack of sufficient financial and technical knowledge among the PMCs
3. Hostility of the locals demanding for jobs at the sites

#### Remedies to the challenges

1. Proper planning by the project implementers to ensure we share the scarce Technical personnel
2. Use of our Clerk of Works who has the relevant expertise to guide the PMCs
3. Conducting capacity building to the PMCs



.....  
Everline Wawire  
Chairperson 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 Malava Constituency plan are to:

1. To Improve academic performance in all learning Institutions- Provision of Bursaries to needy children and purchase of school buses for each of the centers of excellence in each ward.
2. Improve Infrastructure in learning Institutions - Construct new and renovate old buildings in schools infrastructure
3. To strengthen conservation of natural resources – Sensitization on climate change mitigation and planting of trees.
4. To improve security in the constituency – Construct an administration Block at Kabras West Sub-County Headquarters and completion of Imbiakalo Police Station
5. Promote Youth Empowerment and Innovation -To develop and operationalize innovation hubs and talent development programs that provide digital skills, training, and employment opportunities for youth.

Progress on the attainment of Strategic development objectives

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

Sector	Objective	Outcome	Indicator	Performance
Education	To improve infrastructure in learning	Increased number of	- Number of usable physical	In FY 2024/2025, we constructed to completion 32

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	institutions and increase enrolment in schools	classrooms in schools. Increased number of students joining Primary, secondary Schools and colleges	infrastructure built in primary, secondary, and tertiary institutions Number of bursary beneficiaries at all levels	classrooms in Primary schools and 12 classrooms in Secondary schools, , 4 Administration Blocks in Primary Schools, 1 multipurpose hall in secondary school and 1 Laboratory. -The fund disbursed Bursary worth Kshs. 40,656,015 to students in Secondary Schools, Kshs. 13,735,000 to students in Tertiary institutions and Kshs. 1,775,000 to students in special schools.
Security	To enable constituents access administration and security services	Reduced crime rate in the constituency and increased access to Administration services	Number of police post and Chiefs/Administration offices	In FY 2024/5 We constructed Imbiakalo Police Station which is 98% complete
Climate change mitigation activities	To increase community awareness and participation in climate change mitigation through environmental education and tree planting initiatives	Improved environmental awareness among community members and increased tree cover within the constituency, contributing to long-term	Number of community members sensitized Number of tree seedlings planted Estimated survival rate of seedlings after 6 months Number of public institutions/sites involved	We intend to hold across all 7 wards, with an estimated 1,200 participants, including youth groups, women's groups, representatives, and local leaders and Plant 15,000 seedlings

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	aimed at enhancing ecological sustainability and resilience.	climate resilience and ecological restoration.		
Emergency	To restore safety and dignity in the learning environment by urgently rehabilitating classrooms and improving sanitation in affected schools.	Learners and teachers now operate in safer, cleaner, and more conducive environments. Reduced risk of health hazards and school disruptions due to infrastructure-related emergencies.	Number of classrooms renovated, Number of toilets constructed and Number of schools benefiting	The emergency interventions were completed on time and within budget.

6. Governance Statement

a. NG-CDFC process of appointment

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

There is established a National Government Constituency Development Fund Committee for every constituency.

1. Constituency Committee Shall comprise of;

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

2. The seven persons referred to in sub-section (2) (b), (d) and (e) shall be selected in such manner and shall have such qualifications as the Board may, by Regulations, prescribe.

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

The current NGCDFC members were gazetted on 21<sup>st</sup> May 2025 and the first meeting was held on 25<sup>th</sup> June, 2025.

The persons appointed are drawn from different groupings as follows:

- Male Adult – Indangalasia Benard Hezron - Member
- Male youth – Geofry Juma Murwa - Member
- Female adult – Everline Wawire - Chairperson

- Female youth – Susan Khaselwa Wembe - Member
- PWD REP – Moses Wasike Kenyatta - Member
- Co-opted Member – Patrick Wanjala Kharinda - Secretary
- Nominee of Constituency Office – Thomas Burudi Karakacha - Member
- Nominee of constituency Office – Judith Nafula Mukhwana - Member

b. NG-CDFC Tenure

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. Malava NGCDF committee tenure ended on 31<sup>st</sup> November 2024 and the current NGCDFC members were gazetted on 21<sup>st</sup> May 2025

The Role of the Constituency Committee

The CDFC plays a crucial role in managing the NGCDF at the constituency level. It identifies, approves, and monitors projects that align with national priorities and local needs. The committee ensures efficient fund management, timely project implementation, and transparent reporting. Additionally, the CDFC engages with the community to seek input and ensure compliance with relevant laws and regulations.

c. Removal of a member

The CDFC can remove a member for gross misconduct, incompetence, physical or mental incapacity, conflict of interest, conviction of a criminal offense, or absenteeism. The removal process involves a petition, notification, a hearing, and a decision by two-thirds of the members.

d. NG-CDFC Induction and training

A comprehensive training program for the National Government Constituencies Development Fund Committee (NGCDFC) members from the Western Region was held from 9<sup>th</sup> July, 2025 to 14<sup>th</sup> July 2024 at Starbucks Hotel Eldoret. This training aimed to equip committee members with the necessary knowledge and skills to perform their roles effectively.

Key Aspects of the Training:

- Overview of the NGCDF Act: Understanding the legal framework and the evolution of the NGCDF, including the roles and responsibilities of committee members.

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- Project Planning and Public Participation: Emphasized effective planning, budgeting, and the importance of engaging the public in decision-making processes.
- Governance and Integrity: Covered essential aspects of good governance, anti-corruption measures, and adherence to the Public Procurement and Asset Disposal Act 2015 and its regulations.
- Risk Management and Audit: Focused on identifying and managing risks within the NGCDF operations, with an emphasis on transparency and accountability.
- Technical Aspects of Project Management: Provided insights into the phases of project execution, from initiation to completion, including monitoring and evaluation.

This training was crucial in ensuring that all NGCDFC members are well-prepared to carry out their duties in alignment with national policies and standards.

e. Number of meetings;

NG-CDF Act Section 43(11) stipulates that the Constituency Committee shall meet at least six times in a year but shall not hold more than twenty-four meetings in the same financial year, including sub-committee meetings.

In Malava Constituency, the NG-CDF Committee conducted 12 meetings and 8 sub-committee meetings.

No.	Name of committee member	28/07/23	20/08/24	19/09/24	29/10/24	25/11/24	4/12/2024	31/01/25	14/02/25	13/03/25	25/03/25	7/5/2025	25/06/25
1.	Everline Wawire - Chairperson	√	√	√	√	√	√	√	√	√	√	√	√
2.	Patrick Wanjala Kharinda - Secretary	√	√	√	√	√	√	√	√	√	√	√	√
3.	Geoffrey Juma Murwa - Member	√	√	√	√	√	√	√	√	√	√	√	√
4.	Susan Khaselwa Wembe - Member	√	√	√	√	√	√	√	√	√	√	√	√
5.	Moses Wasike Kenyatta- Member	√	√	√	√	√	√	√	√	√	√	√	√
6.	Thomas Burudi Karakacha - Member	√	√	√	√	√	√	√	√	√	√	√	√

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7.	Judith Nafula Mukhwana - Member	√	√	√	√	√	√	√	√	√	√	√	√
8.	Indangalasia Benard - Member												√
9.	Humphrey Sechero – Ex official	√	√	√	√	√	√	√	√	√	√	√	√
10.	Everlyne Ariwo - ACC	√	√	√	√	√	√	√	√	√	√	√	√

f. Remuneration Rates

As of the latest review on 25th October 2011, the remuneration rates for the National Government Constituencies Development Fund Committee (NGCDFC) were adjusted through a circular issued by the NGCDF Board (REF: CDF BOARD/MOP/Vol. III(30)I(30)), titled "Adjustment of Constituency Development Fund Committee s Sitting Allowance." According to this circular, the sitting allowances for the CDFCs are as follows:

Members: KShs 5,000 per meeting

Chairman: KShs 7,000 per meeting

These rates remain the most current remuneration guidelines for the NGCDFCs.

g. Disclose the policy on conflict of interest

The NGCDFC has a strict conflict of interest policy that requires a member to disclose their interests, abstain from participation, and record conflicts. Non-compliance may result in disciplinary action, including removal from the committee. This policy ensures the integrity and transparency of the committee's operations.

h. Succession plan

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

i. Ethics and code of conduct

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

j. Risk Management

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

- Implementing the operational risk management framework.
- Conducting regular Risk and Control Self-Assessment.
- Monitoring and reporting operational risks.
- Recording and reporting incidents.
- Collecting, analyzing, and reporting Key Risk Indicators.
- Executing the crisis management plan in case of a crisis.
- Ensuring compliance with risk management policies and procedures.
- Implementing improvements to controls to reduce risks.

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7. Management Discussion and Analysis

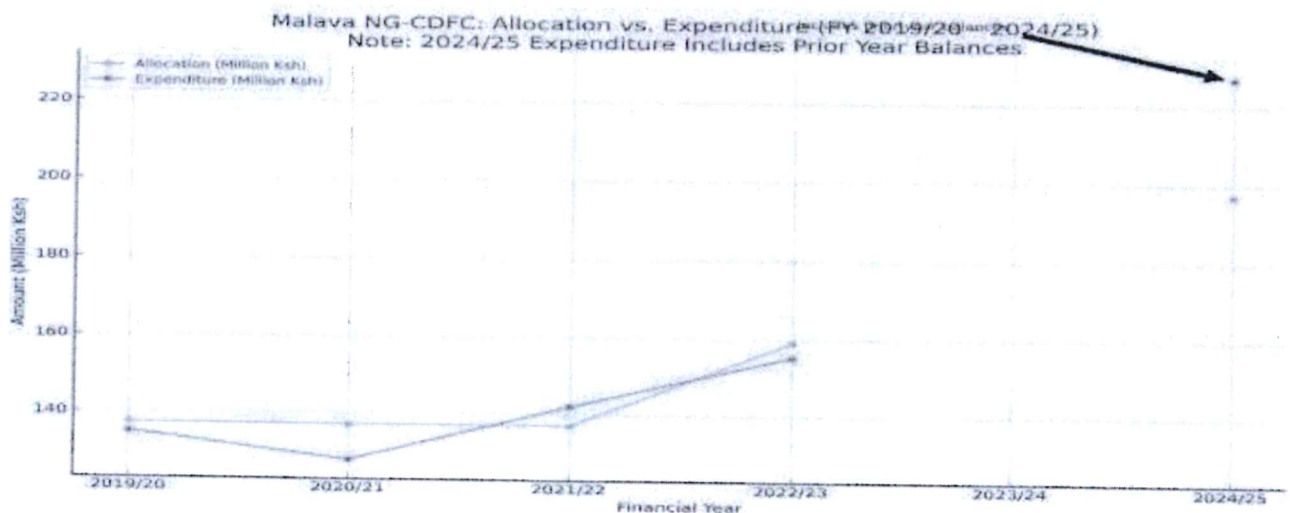
Financial Performance

Over the past five financial years, Malava NG-CDFC has steadily increased its annual allocation and improved its rate of fund absorption. The graph below illustrates allocation vs. actual expenditure from FY 2020/21 to FY 2024/25.

Summary Table

Financial Year	Allocation (Ksh.)	Expenditure (Ksh.)
2019/20	137,367,724	135,000,000
2020/21	137,088,879	128,000,000
2021/22	137,088,879	142,000,000
2022/23	158,832,745	155,000,000
2023/24	192,897,991	204,745,683
2024/25	197,386,150	227,484,117

The graph below illustrates allocation vs. actual expenditure from FY 2020/21 to FY 2024/25.



Key Projects – Implemented & Ongoing

1. Bursary & Education Support -Over Ksh. 145M disbursed over FY 2020-25 across all education levels.

2. Classrooms Construction, Renovation & Emergency Response – Constructed over 200 classrooms and renovated over 500 classrooms, constructed 50 toilets, and addressed unsafe learning environments.

11. Security – Constructed over 14 chiefs offices and 1 police station.

12. Tertiary Infrastructure – Construction of a KMTC which is Ongoing.

Malava NG-CDF has consistently adhered to:

1. The NG-CDF Act, 2015;
2. Annual audits by the Auditor-General’s Office, with no unresolved material arrears as of Jun 2025;
3. Adherence to Public Finance Management and Procurement laws;
4. Timely submission of financial statements and annual reports.

#### Major Risks & Management Strategies

Malava NG-CDFC, like other public entities, operates in a dynamic environment that exposes it to financial, operational, legal, and reputational risks. The management has identified the following key risk areas and corresponding mitigation strategies:

Risk	Description	Mitigation Measures
Delayed Disbursement of Funds	Late releases from the Broad disrupt planned project timelines and bursary disbursements.	<ul style="list-style-type: none"> <li>- Implement phased project planning</li> <li>- Prioritize essential projects early</li> <li>- Maintain a working balance from prior-year savings</li> </ul>
Rising Costs of Construction Materials	Inflation and market fluctuations increase costs mid-project, affecting scope and quality.	<ul style="list-style-type: none"> <li>- Use locally available materials</li> <li>- Build in contingencies during budgeting</li> <li>- Regularly review and update Bill of Quantities</li> </ul>
Contractor Underperformance	Some contractors fail to meet timelines or quality standards, delaying completion.	<ul style="list-style-type: none"> <li>- Strict vetting and registration procedures</li> <li>- Enforce performance bonds</li> <li>- Use blacklisting mechanisms for repeat offenders</li> </ul>
Limited Technical Capacity in Implementation	Some schools and PMCs lack technical knowledge for effective supervision of projects.	<ul style="list-style-type: none"> <li>- Train PMC members and school heads</li> <li>- Assign technical officers for M&amp;E</li> <li>- Use simplified guidelines and manuals</li> </ul>
Fraud and Misappropriation Risk	Potential misuse of funds at implementation level.	<ul style="list-style-type: none"> <li>- Frequent audits</li> <li>- Strict approval and payment workflows</li> </ul>

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Data and Records Management Challenges	Manual record keeping may affect tracking, retrieval, and reporting.	<ul style="list-style-type: none"> <li>- Introduce digital systems</li> <li>- Train staff on data management</li> <li>- Regular backups</li> </ul>
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**Material Arrears & Financial Obligations**

There are no material arrears in statutory or contractual payments as of FY 2024/25. PMC savings and prudent fund management have ensured all obligations are met promptly.

**Economic & Sectorial Context**

Despite inflationary pressures and agricultural challenges, local investments have improved community resilience. Continuous support to education and health sectors is delivering notable local returns, evident in school enrolment, infrastructure upgrades, and youth participation.

**Future Outlook & Strategic Developments**

- Optimized Bursary Scheme - Scaling bursaries to meet continued demand.
- ICT and Innovation Expansion - Increased budgets for training and hub infrastructure.
- Green Commitment - Target to plant 20,000 trees in upcoming FY.

**Conclusion**

- Malava NG-CDF has demonstrated improved utilization of funds, rising from an absorption rate of approximately 93% in FY 2020/21 to effective utilization equivalent to 115% in FY 2024/25. 115% reflects the combined use of the current year's allocation together with roll-over balances from prior years.
- A balanced project portfolio encompassing education, infrastructure, environment, and security
- Robust compliance and risk systems ensuring transparency and efficiency.
- Through ongoing stakeholder engagement and strategic prioritization, the Fund remains on track to meet its mandate and heighten impact in subsequent financial years.

Humprey Sechero  
 Fund Account Manager.

## 8. Environmental and Sustainability Reporting

The National Government Constituencies Development Fund (NG-CDF) for Malava Constituency operates under the mandate of the NG-CDF Act, 2015, with the primary objective of facilitating equitable development across the constituency by financing priority projects identified through public participation. The Fund's core focus lies in enhancing access to quality education, improving local infrastructure, supporting security initiatives, empowering youth, and responding to emergencies in a timely and inclusive manner.

To ensure long-term sustainability, Malava NG-CDFC emphasizes transparency, accountability, and community involvement in project planning and implementation. The Committee actively promotes capacity building among stakeholders, encourages the use of cost-effective and environmentally friendly construction methods, and maintains a rigorous monitoring and evaluation framework. These strategies not only ensure optimal use of resources but also build local ownership and resilience—thereby positioning the Fund to consistently deliver impactful and citizen-centered services for years to come

### 1. Sustainability strategy and profile -

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

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

- c. Climate change mitigation: The Constituency acknowledges that all its operation has an impact on the environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget to climate change mitigation activities such as afforestation, reforestation, grassroots sensitization, and tree seedling production.
2. Environmental performance
- The NG-CDF Malava has been carrying out environmental conservation programmes annually in all public facilities within the Constituency
  - The NG-CDF Malava Constituency has also carried out sensitization and awareness on drug and substance abuse through youth training and engaging them in environmental conservation activities
  - The NG-CDF Malava Constituency has also engaged youth through various community initiatives and programmes as a way of sensitizing them on the importance of environmental conservation

3. Employee welfare

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

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

The committee has a safety policy in compliance with the Occupational Safety and Health Act of 2007 (OSHA) and has ensured the work environment is conducive to everybody's movement and accessibility within the office, including PWDs. The Constituency has also

put in place disaster-mitigating measures, including fire extinguishers and accessible escape routes in case of emergency.

#### 4. Marketplace practices-

Malava Constituency is committed to fair and ethical market practices.

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

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

NGCDF has put in efforts to ensure:

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

#### 5. Community Engagements-

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

Public Participation in Project Identification, Implementation, and Monitoring

Malava Constituency deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituents, considering the national development plans and policies and the constituency strategic development plan. The

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identified list of priority projects, both immediate and long-term, was submitted to the NGCDF Board in accordance with the Act.

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

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

Public Awareness

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

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



.....  
Humphrey Sechero

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-Malava Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; Safeguarding the assets of the entity; Selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Malava Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Malava Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF Malava Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the

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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- Malava Constituency financial statements were approved and signed by the Accounting Officer on.....15/10/..... 2025.



.....  
Everline Wawire  
Chairperson – NGCDF Committee



.....  
Humphrey Sechero  
Fund Account Manager



10. Report of the Independent Auditor on the NGCDF- Malava Constituency

# REPUBLIC OF KENYA



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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MALAVA 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.
- 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 financial statements of National Government Constituencies Development Fund – Malava Constituency set out on pages 1 to 68, which

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Malava 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) and comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015 (Amended 2023).

### **Basis for Qualified Opinion**

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

The statement of financial position reflects cash and cash equivalents balance of Kshs.30,378,156 as disclosed in Note 13 the financial statements. The balance includes Project Management Committee (PMC) account balances amounting to Kshs.2,547,516 as at 30 June, 2025 in respect to twenty-eight (28) bank accounts. However, the bank reconciliation statements, bank statements, cash books and bank confirmation certificates for the accounts were not provided for audit review.

Further, Annex 2 to the financial statements shows a balance of Kshs.2,547,516 in respect to PMC bank balances. However, casting of totals shows a balance of Kshs.1,841,097 resulting to unreconciled variance of Kshs.706,419.

In addition, the statement reflects cash and cash equivalents (PMC) opening balance of Kshs.2,969,341 as at 1 July, 2024. However, the previous year audited financial statements for the year ended 30 June, 2024 reflects a balance of Kshs.1,537,746 resulting to unexplained variance of Kshs.1,431,595.

Additionally, review of bank reconciliation statements revealed that cheques totaling Kshs.122,838 had become stale as at the time of audit in September, 2025 and had not been reversed in the cash book.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.30,378,388 could not be confirmed.

#### **2. Unsupported Bursary Disbursements**

The statement of financial performance reflects other grants and transfers amounting to Kshs.74,465,062, which as disclosed in Note 11 to the financial statements includes

bursary disbursements totaling Kshs.58,182,655. However, details of beneficiary institutions for bursaries of Kshs.1,664,000 paid to various tertiary institutions were not supported by acknowledgement slips from the beneficiary institutions.

In the circumstances, the regularity, accuracy and completeness of the bursary disbursements amounting to Kshs.1,664,000 could not be confirmed.

### **3. Inaccuracy of the Statement of Financial Position**

The statement of financial position reflects net assets balance of Kshs.106,772,571 as at 1 July, 2024. However, the statement of changes in net assets reflects a balance of Kshs.105,340,976 resulting to unexplained variance of Kshs.1,431,595. Further, the statement reflects Nil accumulated surplus/deficit balance as at 1 July, 2024, while the statement of changes in net assets reflect accumulated surplus balance of Kshs.27,400,748 resulting to unexplained variance of Kshs.27,400,748.

In the circumstances, the accuracy and completeness of net assets balance of Kshs.106,772,571 as at 1 July, 2024 could not be confirmed.

### **4. Inaccuracy of the Statement of Changes in Net Assets**

The statement of changes in net assets reflects net assets balance of Kshs.77,867,769 as at 30 June, 2025, which includes capital reserve balance of Kshs.77,940,228. The balance includes adjustment to recognize assets amounting to Kshs.77,940,228 as at 01 July, 2024. However, the analysis of recognized assets was not provided for audit review. In addition, the adjustment to recognize the assets amount of Kshs.77,940,228 was erroneously disclosed under capital reserves instead of accumulated surplus/deficit.

In the circumstances, the accuracy and completeness of net assets balance of Kshs.77,867,769 as at 30 June, 2025 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 - Malava Constituency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.305,784,361 and Kshs.254,698,211 respectively, resulting in under-funding of Kshs.51,086,150 or 17% of the approved budget. Similarly, the Fund expended an amount of Kshs.224,320,056 against the budget

of Kshs.305,784,361 resulting in under-expenditure of Kshs.81,464,305 or 26% of the approved budget.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit of the previous year, several issues were reported under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance as detailed in Appendix 1. However, Management has not resolved the issues or given reasons for the delay in resolving the issues.

### **Other Information**

Management is responsible for the Other Information set out on pages iii to xxxi which comprise of Key Constituency Information and Management, NG-CDF Committee, NG-CDFC 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 the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

## Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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. Project Implementation Status

During the year under review, the Fund had planned to implement fifty-seven (57) projects at a total cost of Kshs.197,386,150. However, out of these projects twelve (12) or 21 % costing Kshs.41,016,807 had not started, while thirteen (13) or 23% of the projects costing Kshs.92,412,000 were ongoing with thirty-two (32) or 56% of the projects costing Kshs.63,957,343 completed.

In the circumstances, value for money was not obtained from the 12 projects that had not started and 13 projects that were ongoing.

### 2. Delayed Implementation of Projects

#### 2.1 Completion of Malava Kenya Medical Training College (KMTC) Administration Block Project

The Management awarded a local contractor a contract on 26 September, 2023 for construction of Malava KMTC administration block at a contract sum of Kshs.26,396,650, with expected completion date of 26 May, 2024. As at the time of audit in July, 2025, an amount of Kshs.18,000,000 or 68% had already been paid to the contractor, while certified works was at 90% complete.

However, field inspection conducted on 15 July, 2025, revealed incomplete works including unfinished ramp and staircases, unfixed ceiling, window panes and doors, unworked cold room, undelivered elevated steel water tank and incomplete fencing works despite the contract having lapsed for over a period of fourteen (14) months and there was no evidence of request for contract extension provided for audit review.

In the circumstances, value for money was not obtained from the project.

#### 2.2. Stalled Project at Lugusi Boys Secondary School

The Management awarded a local contractor a contract for construction of a 90 No. capacity twin laboratory storey building and 4 classrooms tuition block at Lugusi Boys

Secondary School at a contract sum of Kshs.19,399,230 with the contract period being thirty (30) weeks commencing on 25 September, 2023 and ending on 10 May, 2024.

However, physical verification of the project on 14 July, 2025, revealed that the project was incomplete and had stalled at approximately 40% and the contractor had abandoned the site.

In the circumstances, value for money may have not been realized from the project.

### **2.3 Stalled Project at Shirugu Primary School**

The Management awarded a local contractor a contract for construction of four (4) classrooms at Shirugu Primary school at a contract sum of Kshs.1,795,980 with the contract period being twelve (12) weeks commencing on 25 January, 2025 and ending on 25 April, 2025. However, physical verification of the project on 15 July, 2025, revealed that the project had stalled at approximately 60% completion despite the contract period having lapsed for over eleven (11) weeks and the contractor had abandoned the site.

In the circumstances, value for money may have not been realized from the project.

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 overall 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 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

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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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease its 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 are in compliance 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

27 October, 2025

## Appendix 1

### Unresolved Prior Year Matters

Reference No. of Auditor-General's Report	Audit Issue
	<b>Report on the Financial Statements</b>
1	Unsupported Project Management Committee Account Balances
2	Unsupported Bursary Disbursements
3	Unsupported Gratuity Balance
	<b>Emphasis of Matter</b>
	Budgetary Control and Performance
	<b>Other Matter</b>
	Unresolved Prior Year Matters
	<b>Report on Lawfulness and Effectiveness in the Use of Public Resources</b>
1	Project Implementation Status
2	Delayed Implementation of Projects
3	Failure to Maintain Deposit Bank Account
	<b>Report on Effectiveness of Internal Controls, Risk Management and Governance</b>
1	Lack of Internal Audit Report
2	Lack of Policy on Issuance of Bursaries
3	Lack of Updated Fixed Assets Register

**National Government Constituencies Development Fund (NGCDF)**  
**Malava Constituency**  
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11. Statement of Financial Performance for the Year Ended 30th June 2025

	Note	2024/2025 FY
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	197,386,150
Grants/donations from other entities		-
Revenue from exchange transactions		
Finance income		-
Miscellaneous income		-
Total revenue		197,386,150
Expenses		
Employee costs	7	4,937,760
Committee expenses	8	4,795,860
Use of Goods and Services	9	10,214,732
Other Government Units Actual expenditure	10	130,337,522
Other Grants and Transfers Actual expenditure	11	74,465,062
Depreciation and amortization expense	12	108,420
Digital Hubs Actual expenditure		-
Total expenses		224,859,356
Other gains/(losses)		
Gain/Loss on Sale of Assets		-
Impairment loss		-
Surplus/(Deficit) for the year		(27,473,206)

The Constituency financial statements were approved by the NGCDFC on ..... 2025 and signed

by:



Chairman NG-  
CDF Committee  
Everlyne Wawire



National Sub-County  
Accountant  
Edward Okoth  
ICPAK M/No:32232





Fund Account Manager

Humphrey Sechero



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

12. Statement Of Financial Position As At 30th June, 2025

	Note	2024/2025 FY Kshs	2023/ 2024 Kshs
Assets			
Current Assets			
Cash And Cash Equivalentents	13	30,378,156	29,026,388
Cash And Cash Equivalentents (PMC)	13(a)	-	2,969,341
Receivables from Exchange Transactions		-	-
Receivables from Non-Exchange Transactions	14	51,086,150	76,402,482
Prepayments	15	42,740	-
Total Current Assets		81,507,045	108,398,211
Non-Current Assets			
Property, Plant and Equipment	16	252,980	-
Intangible Assets		-	-
Right-of-use assets		-	-
Total Non- Current Assets		252,980	-
Total Assets (A)		81,760,025	108,398,211
Liabilities			
Current Liabilities			
Trade and Other Payables		-	-
Third-Party Deposits		-	-
Lease Liabilities		-	-
Gratuity provision	18	2,460,660	1,625,640
Total Current Liabilities		2,460,660	1,625,640
Non-Current Liabilities			
Lease Liabilities		-	-
Total Liabilities (B)		2,460,660	1,625,640
Net Assets (A-B)		79,299,370	106,772,571
Represented by:			
Capital Reserves		77,940,228	106,772,571
Accumulated Deficit		(72,459)	
Total Net Assets		77,867,772	106,772,571

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

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The Constituency financial statements set out on pages ..... to ..... Approved by NG CDFC on 2025 and signed by:

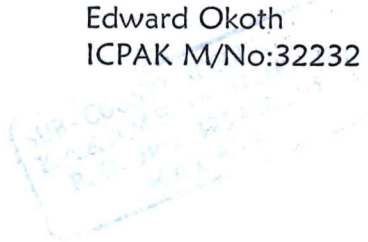


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Chairman NG-  
CDF Committee  
Everlyne Wawire



National Sub-County  
Accountant  
Edward Okoth  
ICPAK M/No:32232



Fund Account Manager  
Humphrey Sechero



**National Government Constituencies Development Fund (NGCDF)**  
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13. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Capital Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
Fund Balance As at 30 <sup>th</sup> June 2024 (Cash Basis)		27,400,748	27,400,748
Adjustments: (to recognize assets and liabilities)			
Add Assets	77,940,228		77,940,228
Less Liabilities	-		-
As at July 1, 2024	77,940,228	27,400,748	105,340,976
Surplus/(Deficit) For the Period		(27,473,207)	(27,473,207)
Revaluation Gain/Loss	-	-	-
As at 30th June 2025	<b>77,940,228</b>	<b>(72,459)</b>	<b>77,867,769</b>

Note:

1. For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.
3. The Total Assets balance of Kshs. 79,371,823 was arrived at the summation of PMC bank balances of Ksh. 2,969,340.90 and disbursements receivable from the Board of Ksh. 76,402,482.00 for the FY 2023/2024.

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

	Notes	2024/2025 Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board	6 (a)	222,702,482
Grants/donations from other entities		-
Finance income		-
Miscellaneous income		-
Total Receipts		222,702,482
Payments		
Employee costs	7 (a)	4,102,740
Committee expenses	8	4,795,860
Use of Goods and Services	9(a)	10,257,472
Other Government Units Certified Works	10	130,337,522
Other Grants and Transfers	11	74,465,062
Digital Hubs Expenses		-
Total Payments		223,958,656
Net Cash Flows from/ (used in) Operating Activities	19	(1,256,174)
Cash flows From Investing Activities		
Purchase of PPE	16	(361,400)
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
Net Cash Flows from Investing Activities		(361,400)
Net increase/(decrease) in cash & Cash equivalents		(1,617,574)
Cash Flows from Financing Activities		
Lease payment		
Net Cash Flows from Financing Activities		-
Cash and cash equivalents at Period Start	13	29,026,388
Cash and cash equivalents at Period Start (PMC)	13(a)	2,969,341
Cash and cash equivalents at Period End	13	30,378,155

*Net operating activities recorded a net outflow of Kshs. (1,256,174) (Note 30), mainly due to utilization of opening balances for ongoing commitments and under-budgeting of administrative expenses. Consequently, cash and cash equivalents decreased due to higher-than- projected administrative outflows and settlement of prior project obligations*

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

	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
	<i>Insert current FY</i>	Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding disbursements	<i>2024/2025 FY</i>	<i>2024/2025 FY</i>		
Revenue							
Transfers From the NGCDF Board	197,386,150	31,995,729	76,402,482	305,784,361	254,698,211	51,086,150	83%
Grants/donations from other entities	-	-	-	-	-	-	0%
Finance income	-	-	-	-	-	-	0%
Miscellaneous income	-	-	-	-	-	-	0%
Totals	197,386,150	31,995,729	76,402,482	305,784,361	254,698,211	51,086,150	83%
Expenses							
Employee costs	5,481,360	2,197,823	-	7,679,183	4,102,740	3,576,443	53%
Committee expenses	5,327,160	101,954	-	5,429,114	4,795,860	633,254	88%

**National Government Constituencies Development Fund (NGCDF)**  
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	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
Use of Goods and Services	6,594,833	100,664	-	6,695,497	10,257,472	(3,561,975)	153%
Other Government Units Certified Works	93,900,000	18,736,416	76,402,482	189,038,898	130,337,522	58,701,376	69%
Other Grants and Transfers	83,721,397	9,858,873	-	93,580,269	74,465,062	19,115,207	80%
Digital Hubs Expenses	2,000,000	1,000,000	-	3,000,000	-	3,000,000	0%
Acquisition of Asset	361,400	-	-	361,400	361,400	-	100%
Funds Pending Approval**	-	-	-	-	-	-	
Total Expenditure	197,386,150	31,995,729	76,402,482	305,784,361	224,320,056	81,464,305	
Surplus for the period	0	-	-	0	30,378,156	(30,378,155)	

*Explanatory Notes.*

*Employee costs, Committee expenses, Other Government Units Certified Works, Other Grants and Transfers, Digital Hubs Expenses The utilization was below 90% due to delay in disbursement of funds. Use of Goods and Services was above 100% because the committee did not budget adequately. This will be rectified in our next budget of 2025/2026 FY.*


**National Government Constituencies Development Fund (NGCDF)**  
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Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	81,464,306
Less undisbursed funds receivable from the Board as at period 30th June, 2025	51,086,150
Cash and Cash Equivalents at the end of the 30 <sup>th</sup> June 2025	30,378,156


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.  
 The Constituency financial statements were approved by NG CDFC on 15/10/2025 and signed by:

  
 Fund Account Manager  
 Humphrey Sechero



  
 National Sub-County Accountant  
 Edward Okoth  
 ICPAK M/No:32232



  
 Chairman NG-CDF Committee  
 Everlyne Wawire

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

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			
1.0 Administration and Recurrent						
1.1 Compensation of employees	5,481,360	2,197,823	-	7,679,183	4,102,740	3,576,443
1.2 Committee allowances	2,447,160	95,015		2,542,175	3,895,860	(1,353,685)
1.3 Use of goods and services	3,553,249	59,374		3,612,623	5,227,062	(1,614,439)
Sub-total	11,481,769	2,352,212	-	13,833,981	13,225,662	608,320
2.0 Monitoring and evaluation						
2.1 Capacity building	1,000,000	-		1,000,000	900,000	100,000
2.2 Committee allowances	2,880,000	6,939		2,886,939	2,886,939	-
2.3 Use of goods and services	2,041,585	41,290		2,082,875	2,082,875	-
Sub-total	5,921,585	48,229	-	5,969,814	5,869,814	100,000
4.0 Emergency						
Unutilized	10,388,745	1,453,108		11,841,853	10,535,697	1,306,156
Sub-total	10,388,745	1,453,108	-	11,841,853	10,535,697	1,306,156

**National Government Constituencies Development Fund (NGCDF)**  
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
5.0 Bursary and Social Security						
5.1 Primary Schools				-		-
5.2 Secondary Schools	36,815,845	5,973,395		42,789,240	42,672,655	116,585
5.3 Tertiary Institutions	17,000,000	117,473		17,117,473	13,735,000	3,382,473
5.4 special needs	3,000,000	90,077		3,090,077	1,775,000	1,315,077
5.5 Education Support Programmes				-		-
5.6 Social Security				-		-
Sub-total	56,815,845	6,180,945	-	62,996,790	58,182,655	4,814,135
7.0 Environment						
Malava Primary School	1,016,807			1,016,807		1,016,807
Lunyelelia Primary School		10,510	-	10,510		10,510
Lunyinya Primary School		222,455	-	222,455		222,455
Misimo Primary School		222,455		222,455		222,455
				-		-
Sub-total	1,016,807	455,420	-	1,472,227	-	1,472,227
8.0 Primary Schools Projects						

**National Government Constituencies Development Fund (NGCDF)**  
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Kakoyi Junior Secondary School	10,900,000	80	9,600,000	20,500,080	20,088,845	411,235
Matete Junior Secondary School	10,900,000		9,600,000	20,500,000	9,566,406	10,933,595
Mutingóngó Junior Secondary School	900,000	2,633	2,700,000	3,602,633	2,700,000	902,633
Namushiya Primary School	1,500,000	3,345	-	1,503,345	-	1,503,345
Shipala Primary School	1,000,000			1,000,000	-	1,000,000
Chimoroni Primary School	1,500,000	71,002		1,571,002	-	1,571,002
Masungutsa Primary School	1,200,000			1,200,000	-	1,200,000
Bunuku Primary School	1,200,000			1,200,000	-	1,200,000
Lunyelelia Primary School	2,400,000		2,400,000	4,800,000	2,396,498	2,403,502
Malava Primary School	9,000,000			9,000,000	-	9,000,000
Matende Primary School	3,000,000	40		3,000,040	3,000,000	40
Luhokho Primary School	2,400,000	766	2,400,000	4,800,766	2,256,154	2,544,612
Bulupi Primary School		245	-	245	-	245
Burundu Primary School		1,133	-	1,133	-	1,133
Chegulo Primary School		270	-	270	-	270

**National Government Constituencies Development Fund (NGCDF)**  
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cheptuli Primary School		9,410	-	9,410		9,410
Chesero Primary School		7,294		7,294	-	7,294
Chiveli Primary School		5,654	-	5,654		5,654
Chombeli Primary School		1,311	-	1,311	-	1,311
Fubuye Primary School		1,466	2,200,000	2,201,466	2,193,791	7,675
Fuvale Primary School		273	-	273	-	273
Isanjiro Primary School		31,717		31,717	-	31,717
Kalenda Primary School		1,750	-	1,750	-	1,750
Kokoyo Primary School		2,643	2,414,781	2,417,423	2,411,451	5,972
Lugusi Primary School		70	-	70	-	70
Lukala Primary School		683	-	683	-	683
Lunyinya Junior Sec. Sch.		2,927	2,414,781	2,417,707	2,416,480	1,227
Lunyu Primary School		594	-	594	-	594
Lurale Primary School		220	-	220	-	220
Lusumu Primary School		1,083	1,200,000	1,201,083	1,200,000	1,083
Lutali Primary School		829	-	829	-	829
Mahira Primary School		1,592	-	1,592		1,592
Malichi Primary School		9,858	2,000,000	2,009,858	1,976,452	33,406
Malimali Primary School		530	-	530	-	530

**National Government Constituencies Development Fund (NGCDF)**  
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Matete Primary School		2,013	-	2,013	-	2,013
Misimo Primary School		941	-	941	-	941
Mukangu Primary School		-	2,414,781	2,414,781	2,414,780	1
Mukavakava Primary School		540	-	540	-	540
Mukhuyu Primary School		2,064	-	2,064	-	2,064
Mukoko Primary School		3,668	2,414,781	2,418,449	2,414,780	3,669
Mukongolo Primary School		1,973	-	1,973	-	1,973
Muriola Junior Sec. Sch.		132	2,414,781	2,414,913	2,406,747	8,165
Musidi Primary School		413		413	-	413
Musungu Primary Sch.			1,100,000	1,100,000	380,365	719,635
Mutoto Primary School		732		732		732
Mutsuma Primary School		8,176	-	8,176	-	8,176
Namanja Primary Sch.		-	2,100,000	2,100,000	2,092,950	7,050
Namatala Primary School		8,628	-	8,628	-	8,628
Samitsi Primary School		15,749	1,500,000	1,515,749	1,439,542	76,207
Shanda Primary School		156,362	-	156,362	-	156,362

**National Government Constituencies Development Fund (NGCDF)**  
**Malava Constituency**  
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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
Sharambatsa Primary School		262,486	-	262,486	-	262,486
Sheywe Primary School		2,728	-	2,728	-	2,728
Shilongo Primary School		8,025	-	8,025	-	8,025
Shivanga Primary School		7,548	-	7,548	-	7,548
Silungai Primary School		11,287	-	11,287	-	11,287
St. Martin Primary School		5,253	-	5,253		5,253
Tande Primary School		75,588	-	75,588	-	75,588
Teresia Primary School		91,472	-	91,472	-	91,472
Tombo Primary School		72,197	-	72,197	-	72,197
Tumbeni Primary School		720	-	720	-	720
Wavoka Primary School		1,444	-	1,444	-	1,444
Vashele Primary School		2,300,000		2,300,000	2,300,000	-
Kamuchisu Primary School		951,223		951,223	787,520	163,703
Kuvasali Primary School		1,500,600		1,500,600	1,103,326	397,274
Makuche Primary School		550,000		550,000	550,000	-
Nguvuli Primary School		1,000,000	800,000	1,800,000	1,000,000	800,000
Sawawa Primary School			1,600,000	1,600,000	1,483,726	116,274
Shirugu Primary School			1,800,000	1,800,000	1,800,000	-

**National Government Constituencies Development Fund (NGCDF)**  
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Shitirira Primary School		223,154	1,376,847	1,600,001	1,600,000	1
Matioli Junior Secondary School		239	1,207,390	1,207,629	1,201,368	6,261
Mwikhupo Junior Secondary School		1,423	2,414,781	2,416,203	2,181,112	235,091
Namagara Junior Secondary School		34,233	2,414,781	2,449,013	2,444,970	4,043
Shikokhwe Junior Secondary School		3,236	2,414,781	2,418,016	2,401,989	16,028
Mukhonje Primary School		102,087	4,000,000	4,102,087	3,897,915	204,172
Mukuyu Primary School		1,297		1,297		1,297
Cheveli Primary School		431		431		431
				-		-
				-		-
				-		-
				-		-
				-		-
Sub-total	45,900,000	7,567,472	66,902,482	120,369,954	84,107,166	36,262,788
9.0 Secondary Schools Projects (List all the Projects)						

**National Government Constituencies Development Fund (NGCDF)  
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Programme/Sub-programme	Original Budget Kshs	Adjustments		Final Budget Kshs	Actual on comparable basis Kshs	Budget utilization difference Kshs
		Opening Balance (C/Bk) and AIA Kshs	Previous Years' Outstanding Disbursements Kshs			
Kimangeti Girls Secondary School	7,000,000	161,582		7,161,582	4,440,000	2,721,582
Lugusi Boys Secondary School	3,900,000	70		3,900,070		3,900,070
Namagara Secondary School	2,000,000	42,675		2,042,675		2,042,675
Mukhonje Secondary School	4,000,000			4,000,000	4,000,000	-
Namagara Secondary School	11,000,000			11,000,000	2,000,000	9,000,000
Lunyinya Secondary School	2,400,000			2,400,000		2,400,000
Bukhakunga Secondary School		793	-	793		793
Bulupi Secondary School		1,586	-	1,586		1,586
Chimoroni Secondary School		71,002	9,500,000	9,571,002	9,500,000	71,002
Isanjiro Girls Secondary School		2,208	-	2,208		2,208
Malava Boys Secondary School		66,356	-	66,356		66,356
Lwanda K Secondary School		62,758	-	62,758		62,758

**National Government Constituencies Development Fund (NGCDF)**  
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Matete Secondary School		606	-	606		606
Mugai Secondary School		9,453		9,453		9,453
Mutsuma Secondary School		41,979		41,979		41,979
Namushiya Secondary School		4,112		4,112		4,112
Shamoni Secondary School		2,359		2,359	9,500,000	(9,497,642)
Shivanga Secondary School		4,109		4,109		4,109
Silungai Boys Secondary School		11,000		11,000		11,000
Tumbeni Secondary School		11,458		11,458		11,458
Kakunga Girls Secondary School		2,011		2,011		2,011
Kalenda Girls Secondary School		290,279		290,279		290,279
Kimangeti Boys Secondary School		87,902		87,902		87,902
Namanja Secondary School		1,643		1,643		1,643

**National Government Constituencies Development Fund (NGCDF)  
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Programme/Sub-programme	Original Budget Kshs	Adjustments		Final Budget Kshs	Actual on comparable basis Kshs	Budget utilization difference Kshs
		Opening Balance (C/Bk) and AIA Kshs	Previous Years' Outstanding Disbursements Kshs			
Shamberere Boys Secondary School		20,348		20,348		20,348
Silungai Girls Secondary School		20,070		20,070		20,070
Mache Secondary School		120,586		120,586		120,586
Samitsi Girls Secondary School				-		-
				-		-
Sub-total	30,300,000	1,036,942	9,500,000	40,836,942	29,440,000	11,396,942
10.0 Tertiary institutions Projects (List all the Projects)						
KMTC Malava	8,400,000	9,829,889		18,229,889	16,790,356	1,439,534
KMTC Malava	9,300,000	302,113		9,602,113	-	9,602,113
Sub-total	17,700,000	10,132,002	-	27,832,002	16,790,356	11,041,647
11.0 Security Projects						
Imbiakalo Police Station	7,000,000	1,066,515	-	8,066,515	5,045,660	3,020,855
Kabras West Sub-County Headquarters	8,500,000		-	8,500,000		8,500,000
Chemuche Chief's Office		885	-	885		885

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Programme/Sub-programme	Original Budget Kshs	Adjustments		Final Budget Kshs	Actual on comparable basis Kshs	Budget utilization difference Kshs
		Opening Balance (C/Bk) and AIA Kshs	Previous Years' Outstanding Disbursements Kshs			
Kakamega North DCC's		502,000		502,000	501,050	950
Kabras Police Station		200,000		200,000	200,000	-
Sub-total	15,500,000	1,769,400	-	17,269,400	5,746,710	11,522,690
12.0 Acquisition of assets						
	361,400		-	361,400	361,400	-
Sub-total	361,400	-	-	361,400	361,400	-
13.0 Others						
Malava ICT Digital Hub	2,000,000	1,000,000		3,000,000		3,000,000
Sub-total	2,000,000	1,000,000	-	3,000,000	-	3,000,000
Funds pending approval**						
unapproved projects						
AiA	-					
Sub-total	-					
Total	197,386,150	31,995,729	76,402,482	305,784,362	224,259,459	81,524,903

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

## 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 Malava Constituency principal activity is to facilitate equitable and sustainable development at the grassroots level through the financing of community-prioritized projects, including education, security, infrastructure and environmental conservation, in line with National Government Constituencies Development Fund goals and local needs. .

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

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

The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act and the International Public Sector Accounting Standards (IPSAS). The NG-CDF Malava 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 Malava 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

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equipment (PPE); and intangible assets acquired during the financial year 2023/2024 up to the reporting date.

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

The 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.

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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	<i>Applicable 1<sup>st</sup> January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>Not Applicable</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>Not Applicable</i>
IPSAS 45: Property Plant	<i>Applicable 1<sup>st</sup> January 2025</i>

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and Equipment	<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 recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>Not Applicable</i></p>
IPSAS 46: Measurement	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <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><i>Not Applicable</i></p>
IPSAS 47: Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles</p>

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	<p>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> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p><i>Not Applicable</i></p>

iii. *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption, and impact on the entity’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 the *Entity*.

Interest income

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

Rental income

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

b) Budget information

The original budget was approved by Parliament on 18<sup>th</sup> June 2024 for the period 1<sup>st</sup> July 2024 to 30<sup>th</sup> June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

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

c) Property, plant and equipment

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

d) Leases

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

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

e) Intangible assets

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

f) Financial instruments

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

a) Financial assets

Classification of financial assets

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

#### Subsequent measurement

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

#### Amortized cost

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

#### Fair value through net assets/ equity

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

#### Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 18*

b) Financial liabilities

Classification

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

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of

operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

h) Provisions

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

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements.

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Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Related parties

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

o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

p) Comparative figures

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

q) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

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

*(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	Insert current FY Kshs
NGCDFB Transfers 2024/2025	197,386,150
Total	197,386,150

6. (a) Transfers from the NGCDF Board

Description	Insert current FY Kshs
NGCDFB Transfers 2023/2024	73,702,482
NGCDFB Transfers 2024/2025	149,000,000
Total	222,702,482

7. Employees cost

	2024/2025 FY Kshs
NG-CDFC Basic staff salaries	3,601,020
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	81,000
Gratuity to contractual employees	1,031,680
Employer Contributions Compulsory national social security schemes	213,960
Employer Contributions Compulsory Housing levy	-
Employer contributions to National Industrial Training Authority	10,100
Other Specify	-
Total	4,937,760

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7. (a) Employees cost

	<i>2024/2025 FY</i>
	Kshs
NG-CDFC Basic staff salaries	3,601,020
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	81,000
Gratuity paid during the period	213,960
Employer Contributions Compulsory Housing levy	196,660
Employer contributions to National Industrial Training Authority	10,100
Other Specify	-
<b>Total</b>	<b>4,102,740</b>

8. Committee Expenses

	<i>2024/2025 FY</i>
	Kshs
Sitting allowance	3,778,700
Other Committee expenses	1,017,160
<b>Total</b>	<b>4,795,860</b>

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9. Use of Goods and services

	2024/2025 FY
	Kshs
Utilities, supplies and services	170,000
Communication, supplies and services	142,000
Domestic travel and subsistence	4,983,220
Printing, advertising and information supplies & services	60,597
Office Rent	-
Training expenses	900,000
Hospitality supplies and services	781,381
Insurance costs	7,260
Specialized materials and services	158,000
Office and general supplies and services	1,432,903
Fuel, oil & lubricants	300,000
Bank charges	68,819
Routine maintenance – vehicles and other transport equipment	921,132
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	289,420
<b>Total</b>	<b>10,214,732</b>

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9. (a) Use of Goods and services

	2024/2025 FY
	Kshs
Utilities, supplies and services	170,000
Communication, supplies and services	142,000
Domestic travel and subsistence	4,983,220
Printing, advertising and information supplies & services	60,597
Office Rent	-
Training expenses	900,000
Hospitality supplies and services	781,381
Insurance costs	7,260
Prepayment	42,740
Specialized materials and services	158,000
Office and general supplies and services	1,432,903
Fuel, oil & lubricants	300,000
Bank charges	68,819
Routine maintenance – vehicles and other transport equipment	921,132
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	289,420
<b>Total</b>	<b>10,257,472</b>

10. Other Government Units Actual expenditure

Description	2024/2025 FY
	Kshs
Primary Schools Actual expenditure	84,107,166
Secondary Schools Actual expenditure	29,440,000
Tertiary Institutions Actual expenditure	16,790,356
<b>Total</b>	<b>130,337,522</b>

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11. Other Grants and transfers Actual expenditure

	2024/2025 FY
	Kshs
Bursary – secondary schools	42,672,655
Bursary – tertiary institutions	13,735,000
Bursary – special schools	1,775,000
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	5,746,710
Climate change mitigation projects	-
Emergency projects Actual expenditure	10,535,697
Roads projects Actual expenditure	-
Others specify	-
<b>Total</b>	<b>74,465,062</b>

12. Depreciation and Amortization Expenses

Description	2024/2025 FY
	Kshs
Property Plant and Equipment	108,421
Intangible Assets	-
<b>Total</b>	<b>108,421</b>

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13. Cash and Cash Equivalents

Name Of Bank and Account No.	2024/2025 FY	Opening Statement 1 July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
<i>Co-operative bank, branch kakamega, Account No. 01141165163100 (Operations account)</i>	25,369,980	29,026,388
<i>Operations account pending closure (Indicate name &amp; account no.)</i>	-	-
<i>Co-operative bank, branch kakamega, account No.01101283761001 (Deposit account)</i>	2,460,660	-
<i>Name of Bank, account No. (PMC accounts)</i>	2,547,516	
Total	30,378,156	29,026,388

13. (a) Cash and Cash Equivalents

Name Of Bank and Account No.	2024/2025 FY	Opening Statement 1 July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
<i>Name of Bank, account No. (PMC accounts)</i>	-	2,969,341
Total	-	2,969,341

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14. Receivables from Non-Exchange Transactions

Description	2024/2025 FY		Opening Statement 1 <sup>st</sup> July 2025	
	Kshs		Kshs	
Transfers from NGCDFB	51,086,150		76,402,482	
Outstanding imprest	-		-	
Total	51,086,150		76,402,482	
Ageing Analysis- Receivables from non-exchange transactions	2024/2025 FY	% of the total	Opening Balance	% of the total
Less than 1 year	48,386,150	95%	76,402,482	100%
Between 1- 2 years	2,700,000	5%	-	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total (a+b)	51,086,150	100%	76,402,482	100%

15. Prepayments

Description	Insert Current FY	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	42,740	-
Prepaid Electricity Costs	-	-
Other Prepayments ( <i>Specify</i> )	-	-
Total	42,740	-

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16. 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%	25.00%	20%	12.50%	30.00%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 <sup>st</sup> July 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	361,400	-	-	361,400
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
As At 2024 Sep/Dec/Mar/Jun 2025	-	-	-	-	-	361,400	-	-	361,400
Depreciation And Impairment									
Opening bal accumulated depreciation 1st July 2024	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	108,420	-	-	108,420
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	108,420	-	-	108,420
As At 2024 Sep/Dec/Mar/Jun 2025	-	-	-	-	-	-	-	-	-
Net Book Values									
Opening Bal as at 1 <sup>st</sup> July 2024	-	-	-	-	-	-	-	-	-
As At June, 2025	-	-	-	-	-	252,980	-	-	252,980

*The Property plant and equipment acquired in previous years have been disclosed in the asset register however their respective fair values could not be determined in the FY 2024/2025 whereby revaluation will be done within the accrual transmission period of 3 years.*

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17. Third-Party deposits

	2024/2025 FY	Opening Statement 1 <sup>st</sup> July 2024
	KShs	KShs
Retention as at 1 <sup>st</sup> July (A)	-	
Retention held during the year (B)	1,148,238	-
Retention paid during the Year (C)	1,148,238	-
Closing Retention as at 30 <sup>th</sup> June D= A+B-C	-	-

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18. Gratuity Provision

Description	2024/2025 FY	Opening Statement 1 <sup>st</sup> July 2024
	Kshs.	Kshs
Gratuity at the beginning of the year 1 <sup>st</sup> of July	1,625,640	-
Gratuity held during the year	1,031,680	-
Gratuity paid during the year	196,660	-
Total Gratuity Provision 30th June (A+B-C)	2,460,660	-

19. Cash Generated from Operations

	<i>Period ended June 2025</i>
	Kshs
Surplus for the period before tax	(27,473,206)
Adjusted for:	
Depreciation	108,420
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Changes in inventory	-
Changes in receivables	(25,273,592)
Changes in deferred income	-
Changes in Third party deposits	(835,020)
Changes in gratuity provision	-
Changes in payments received in advance	-
Net cash flow from operating activities	(1,256,174)

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

20. Financial Risk Management

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

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**i) Credit risk**

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

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired*
	Kshs	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June (2024/2025)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	48,386,150	-	-	-
Bank balances	25,369,980	-	-	-
<b>Total</b>	<b>73,756,130</b>	<b>-</b>	<b>-</b>	<b>-</b>
As at 30 June (Previous 2023/2024)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	2,700,000	-	-	-
Bank balances	29,026,388	-	-	-
<b>Total</b>	<b>31,726,388</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Financial Risk Management

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

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June (2024/2025)				
Trade payables	-	-	-	-
Current proportion of borrowings	-	-	-	-
Provisions	-	-	1,212,637	1,212,637
Deferred income	-	-	-	-
Gratuity Provision	-	-	1,031,680	1,031,680
Total	-	-	2,244,317	2,244,317
As at 30 <sup>th</sup> June (2023/2024FY)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Employee benefit obligation	-	-	1,625,640	1,625,640
<b>Total</b>	-	-	1,625,640	1,625,640

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iii) Capital Risk Management

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

Description	2024/2025 FY	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	79,299,365	106,772,571
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	25,369,980	29,026,388
Net Debt/(Excess Cash And Cash Equivalentents)	-	-
Gearing	-	-

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21. Related Party Disclosures

	2024/2025 FY	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	4,795,860	101,954
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	222,702,482	29,026,388
Total	227,498,342	29,128,342

22. Events after the Reporting Period

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

23. Ultimate And Holding Entity

The Malava 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.

24. Currency

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

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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	400,000	-	-	400,000
Buildings and structures	19,244,660	-	-	19,244,660
Transport equipment	10,627,703	-	-	10,627,703
Office equipment, furniture, and fittings	407,840	-	-	407,840
ICT Equipment and Other ICT Assets	2,921,886	-	-	2,921,886
Other Machinery and Equipment	518,838	-	-	518,838
Intangible assets	-	-	-	-
<b>Total</b>	<b>34,120,927</b>			<b>34,120,927</b>

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

PMC	Bank	Account number	Bank Balance 2024/2025 FY	Bank Balance 2023/2025 FY
Fubuye Primary School	Co-operative	01139098489904	7675	1,466
Kokoyo Primary School	Co-operative	01139804719600	5,972	2,643
Luhokho Primary School	Co-operative	01100944449001	144,612	766
Lusumu Primary School	Co-operative	01139631203400	1,083	1,083
Matende Primary School	Co-operative	01139098493401	40	40
Mukangu Primary School	Co-operative	01141165784700	1,151	1,151
Mukoko Primary School	Co-operative	01139632431400	3,825	3668
Samitsi Primary School	Co-operative	01139098486200	95,376	15,749
Lunyinya Junior Sec. Sch.	Co-operative	01139098494501	1,227	2,927
Muriola Junior Sec. Sch.	Co-operative	01139632796400	724	132
Namanja Primary Sch.	Co-operative	01139098226802	7,050	0
Musungu Primary Sch.	Co-operative	01106321237001	9429	0
Kakoyi Junior Sec. Sch.	Co-operative	01139098489101	11,235	80
Matete Junior Sec. Sch.	Co-operative	01101308170001	33,595	0
Namagara Juniou Secondary School	Co-operative	01139632444800	4,043	34,233
Mwikhupo Junior Secondary	Co-operative	01139632389100	235,091	1,423
Shikokhwe Junior Secondary	Co-operative	01139165472402	5,666	3,236
Sawawa Primary School	Co-operative	01100984938001	116,274	0
Matioli Junior Secondary	Co-operative	01139167483600	6,261	239
Kamuchisu Primary School	Co-operative	01139632083300	163,703	1,223
Kuvasali Primary School	Co-operative	01101529081001	397,274	600
Lunyelelia Primary School	Co-operative	01101499242001	3,502	0
Mukhonje Primary School	Co-operative	01101470762001	119,791	0

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PMC	Bank	Account number	Bank Balance 2024/2025 FY	Bank Balance 2023/2025 FY
Kimangeti Girls Secondary School	Co-operative	01139098253003	21,582	161,582
KMTC Malava	Co-operative	01100597237001	348,534	329,889
Kakamega North DCC's	Co-operative	01101307685001	950	0
Imbiakhalo Police Station	Co-operative	01100268683001	20,855	1,066,515
Shanda Primary School	Co-operative	01139167273100	74,577	74,239
<b>TOTAL</b>			<b>2,547,516</b>	<b>2,969,341</b>

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**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)
Unsupported Project Management committee Account Balances	Note 12,3 Annex 4 to the financial statements reflect Project Management Committee (PMC) account balances amounting to Kshs. 1,537,746 as at 30 June, 2024 in respect to seventy (70) bank accounts. However, the bank reconciliation statements, bank statements, cash books and bank confirmation certificates were not provided for audit review. Further, PMC bank balances amounting to Kshs. 1,140,513 as at 30 June, 2024 in respect to thirty-four (34) bank accounts whose respective	At the time of audit, the PMC certificates of bank balances had not been availed for verification. However, the Certificates of bank balances have now been availed for your review.	Not Resolved	30 <sup>th</sup> June 2026

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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)
Unsupported Bursary Disbursements	<p>projects were completed have remained in respective bank accounts without being transferred to the Constituency main account, contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 (Amended 2022). In the circumstances, the accuracy and completeness of the PMC bank balances totaling Kshs. 1,537,746 could not be confirmed.</p> <p>The statement of receipts and payments and Note 6 to the financial statements reflect other grants and transfers amount of Kshs.77,744,033, which includes Kshs.29,026,605 and Kshs. 18,988,000 in respect to bursary payments to secondary schools and tertiary institutions respectively.</p>	<p>At the time of audit, all the acknowledgement slips were not availed for verification. However, the acknowledgement slips have now been availed for your review</p>	Not Resolved	30 <sup>th</sup> June 2026

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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)
Unsupported Gratuity Balance	<p>However, bursary payments to various learning institutions amounting to Kshs.3,802,400 were not supported by acknowledgment slips from beneficiary institutions.</p> <p>In the circumstances, the accuracy and completeness of the bursary disbursements amount of Kshs.3,802,400 could not be confirmed.</p>		Not Resolved	30 <sup>th</sup> June 2026
	<p>The statement of assets and liabilities reflects gratuity balance of Kshs. 1,625,640 and as disclosed in Note 9 to the financial statements. However, supporting documents including deductions summary were not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of the gratuity balance of</p>	<p>It is true that at the time of audit, supporting documents and deductions summary for gratuity had not been provided. However, the supporting documents and deductions summary have since been availed and financial</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>Kshs. 1,625,640 could not be confirmed.</p> <p>The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Malava 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.</p> <p>Emphasis of Matter</p>	<p>statements updated accordingly. See Note 9 to the financial statement</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)
Budgetary Control and Performance	<p>The summary statement of appropriation reflects final receipts budget and actual on comparable basis amounts of Kshs.309,051,113 and Kshs.232,648,631 respectively, resulting in under-funding of Kshs.76,402,482 or 25% of the approved budget. Further, the Fund expended an amount of Kshs.204,745,683 against the budget of Kshs. 309,051,113 resulting in under-expenditure of Kshs.104,305,430 or 34% of the approved budget. The under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public. My opinion is not modified in respect of this matter.</p> <p>Key Audit Matters</p>	<p>The budget under-performance is as a result of the delayed disbursement of funds by the Exchequer.</p>	Not Resolved	30 <sup>th</sup> June 2026

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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)
Project Implementation Status	<p>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 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.</p> <p>During the year under review, the Fund had planned to implement thirty-one (31) projects at a total cost of Kshs. 194,250,000. However, out of these projects, fifteen (15) or 48% costing Kshs.63,250,000 had not started, five (5) or 16% costing Kshs.85,900,000 were on-going while only eleven (11) or 36% of the projects costing Kshs.45,100,000 had been completed.</p>	<p>It is true at the time of audit, the management had not implemented fifteen (15) or 48.4% of the projects costing Kshs.63,250,000 due to the delayed disbursement of funds by the Exchequer. However, an updated Project Implementation Status (PIS) Report</p>	Not Resolved	30 <sup>th</sup> June 2026

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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)
	In the circumstances, value for money was not obtained from the fifteen (15) projects that had not started and five (5) projects that were on-going.	has been availed for your review		
Delayed Implementation of Projects 2.1 Completion of Malava Kenya Medical Training College (KMTC) Administration Block Project	During the year under review. Management awarded a contract to a local contractor for construction of Malava KMTC administration block at a contract sum of Kshs.26,396,650, with expected works completion date of 26 May, 2024. As at the time of audit in November, 2024, an amount of Kshs.18,000,000 or 68% had already been paid to the contractor, while certified works was at 80% complete. However, field inspection conducted on 15 November, 2024, revealed incomplete works including ramp and staircases, ceiling,	The contract document for execution of the project indicated 30 weeks effective 26 September, 2023. However, this has not been possible due to the piecemeal funding of the project which is supposed to be funded in phases of 3 years i.e. 2022/2023, 2023/2024 and 2024/2025.	Not Resolved	30 <sup>th</sup> June 2026

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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>outer side plastering, window panes, doors not fixed, protection services, cold room, elevated steel water tank and fencing works as required in the bill of quantities despite lapse of the contract period. In the circumstances, value for money was not obtained from the project.</p>			
<p>Completion of Administration Block at Imbiakalo Police Station Project</p>	<p>During the year under review, Management awarded a contract to a local contractor for construction of an administration block at Imbiakalo Police Station on 13 October, 2023 at a contract sum of Kshs. 15,999,250 with an amount of Kshs. 9,000,000 or 56% already paid to the contractor. The project was to take 30 weeks from the contract date. However, a field inspection conducted on 15 November, 2024</p>	<p>The contract document for execution of the project indicated 30 weeks effective 13 October, 2023. However, this has not been possible due to the piecemeal funding of the project which is supposed to be funded in phases of 3 years i.e. 2022/2023, 2023/2024 and 2024/2025.</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June 2026</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>revealed that the project had not been completed and the contractor was not on site, over one year after the lapse of the contract period. The incomplete works included ceiling, outer side plastering, window panes, doors and painting all not done as required by the bill of quantities. In the circumstances, value for money realized from the project.</p>			
<p>Failure to Maintain Deposit Bank Account</p>	<p>During the year under review, the Fund did not maintain a deposit bank account. This was contrary to Section 12(1)(a) of the National Government Constituencies Development Fund Act, 2015 (Amendment 2022) which states that each Constituency shall maintain one deposit bank account for holding third party</p>	<p>It is true at the time of audit the management did not avail documents regarding opening of Deposits or Retention bank account. The documents have now been availed for your verification</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June 2026</p>

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	<p>monies which shall be designated and such and be known by the name of the Constituency for which it is opened.</p> <p>In the circumstances, Management was in breach of the law.</p> <p>The audit was conducted in accordance with ISSAIs 3000 and 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.</p>			

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

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)
Lack of Internal Audit Report	During the year under review, the Fund did not produce any internal audit report contrary to Section 73(1) of the Public Finance Management Act, 2012. In the circumstances, the Constituency risks having weak internal controls which may result in loss of public funds.	As at the time of audit, the management had not received the Internal Audit Report. However, the Report has now been received and availed for your verification	Not Resolved	30 <sup>th</sup> June 2026
Lack of Policy on Issuance of Bursaries	The statement of receipts and payments and Note 6 to the financial statements reflect other grants and transfers balance of Kshs.77,744,033, which includes bursary payments totaling Ksh. 51,645,105. However, Management does not maintain a documented policy	The management relies on the Bursary sub-committee recommendations to the NG-CDFC for allocation and award of bursary to various categories of beneficiaries. Copy of the committee minutes are attached for your review	Not Resolved	30 <sup>th</sup> June 2026

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

Reference Note 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)
	and guidelines on issuance of bursaries. In the circumstances, the effectiveness of bursary awards management could not be confirmed.			
Lack of Updated Fixed Asset Register	Annex 3 to the financial statements on summary of fixed asset register reflects historical cost of the Fund's assets totaling Kshs.33, 759,527 as at 30 June, 2024. However, Management did not maintain an updated fixed assets register showing details relating to date of purchase, cost, supplier, location, unique identification number, accumulated depreciation and net	The management has been maintaining an updated Fixed Asset Register despite not having availed the ownership documents for the two (2) motor vehicles totaling Kshs.11, 027,703. However, it is important to note that the NGCDF Board is the custodian of the ownership documents of the motor vehicles	Not Resolved	30 <sup>th</sup> June 2026

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

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>book value of the assets. Further, Management did not provide ownership documents in relation to land and two motor vehicles all valued at Kshs. 11,027,703. In the circumstances, the effectiveness of the Fund's fixed assets management could not be confirmed</p>			



*[Handwritten Signature]*  
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Humphrey Sechero  
Fund Account Manager.