

REPUBLIC OF KENYA



**REPORT**

**OF**


PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND – BUTULA  
CONSTITUENCY**

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

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 18 FEB 2026	
DAY: WED	
TABLED BY:	MAGDIRI PARTI WHP HON. SILVANO JIRO
CLERK-AT THE-TABLE:	OBIERO

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



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**BUTULA CONSTITUENCY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>th</sup> JUNE 2025**

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Transitional IPSAS Financial Statement.

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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.

*(This list is an indication of the common acronyms and abbreviations; the Entity should include all from the annual report and financial statements prepared)*

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

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

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

### **Mandate**

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

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

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

### **Vision**

Equitable Socio-economic development countrywide.

### **Mission**

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

### **Core Values**

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

### **Functions of NG-CDF Committee**

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

#### **(b) Key Management**

The NGCDF Butula 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	Jepletting Mary
2.	National Sub-County Accountant	Charles Kepha Musieka
3.	Chairman NGCDFC	Hezron Odongo
4.	Member NGCDFC	Godliver A. Okumu
5.	Member NG CDFC	Joackim Ongidi

#### **(c) Fiduciary Oversight Arrangements**

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

NG-CDF BUILDING  
Bumala/Ejinja Road  
Butula, Kenya.

**(e) NGCDF Butula Constituency Contacts**

P.O. Box 53-50405  
Telephone: (254)  
E-mail: [cdfbutula@ngcdf.go.ke](mailto:cdfbutula@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(f) NGCDF Butula Constituency Bankers**

1. Bank A. (Operations Account).  
*National Bank Of Kenya*  
Busia Branch  
P.O. Box 72866-00200  
BUSIA

2. Bank B. (Deposit Account).  
Equity Bank.  
Busia Branch  
P.O. Box 553-50400  
BUSIA

3. Bank C. (PMC Accounts)  
Equity Bank.  
Busia Branch  
P.O. Box 553-50400  
BUSIA

*National Bank Of Kenya*  
Busia Branch  
P.O. Box 72866-00200  
Busia

*Sidian Bank*  
Busia Branch  
P.O. Box  
Busia

*Kenya commercial bank*  
Busia Branch  
P.O. Box 48400  
**Nairobi**

**(g) Independent Auditor**

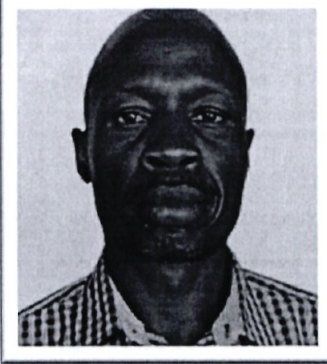


Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(h) Principal Legal Adviser**

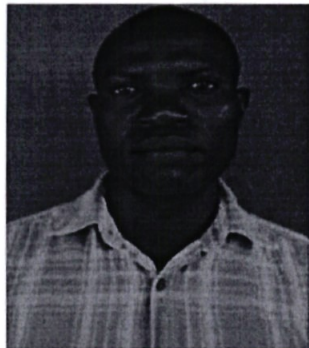

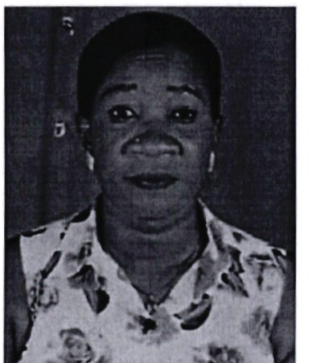
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

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




**3. NGCDF Committee**

Name	Details
 <p>Hezron Namwaya Odongo</p>	<p>Designation. Chairperson            I.D 23145464            D.O. B 29.08.1982            Academic &amp; Professional Qualification Certificate In Project Management. Diploma In Theology            Experience Worked as Butula Sub County Project Manager for more than five years            Working as the development manager for ACK Church Nambale Diocese from 2019 to date.            Working as Agricultural Field Officer for Butula Sub County.</p>
 <p>Okomu Godliver Auma</p>	<p>Designation. Secretary            I.D 9899250            D.O. B 10.09.1968            Academic &amp; Professional Qualification Diploma in ECD Education.            Experience</p> <ul style="list-style-type: none"> <li>• Retired ECD teacher.</li> <li>• A business entrepreneur</li> <li>• A Farmer</li> </ul>
 <p>Jenifer Aluoch Amollo</p>	<p>Designation. Member            I.D 7528549            D.O. B 21.08.1962            Academic &amp; Professional Qualification Diploma In Education            Experience</p> <ul style="list-style-type: none"> <li>• Retired Teacher.</li> <li>• Business person</li> <li>• Chairlady for women organizations and welfares Butula sub county</li> </ul>

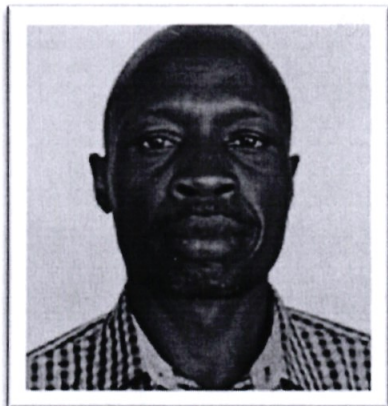
*National Government Constituencies Development Fund (NGCDF)  
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	<p>Designation. Member I.D 30828556 D.O. B 17.02.1994 Academic &amp; Professional Qualification Certificate In Business Administration Diploma In Theology Experience A clergy at ACK Church from 2020 to date. Youth Co-ordinator Butula sub-county from 2022 to date.</p>
<p>Habel Otele Mang'oli</p>	
	<p>Designation. Member I.D 0559345 D.O. B 1948 Academic &amp; Professional Qualification Prof. Of Education Experience <ul style="list-style-type: none"> <li>• Retired Lecturer At MMUST</li> <li>• Established Business Man</li> </ul> </p>
<p>Oyula Shiundu John</p>	
	<p>Designation. Member I.D 25835803 D.O. B 28.06. 1987 Academic &amp; Professional Qualification 0 Level Experience Women Coordinator In Marach Women Association. A Farmer An entrepreneur</p>
<p>Bwibo Phoebe Lucy</p>	

**National Government Constituencies Development Fund (NGCDF)**  
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	<p>Designation. Member  I.D 23543841  D.O.B 15. 08.1982  Academic &amp; Professional Qualification Certificate In Hair Dressing and Beauty Therapy  Experience Established Business Man  Representative For Pwd Butula Sub County</p>
	<p>Name Nancy Odoury  Designation. Member  I.D 30114574  D.O.B 20.04.1991  Academic &amp; Professional Qualification O Level  Experience Female Youth Representative Butula Sub County.  A Farmer</p>
 <p>Mary Jepletting</p>	<p>Designation. Senior Field Operations Officer  I.D 22216004  D.O. B  Academic &amp; Professional Qualification MBA -Strategic management  CPA  Experience Senior Management  <ul style="list-style-type: none"> <li>• NGCDF Board</li> </ul> </p>

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



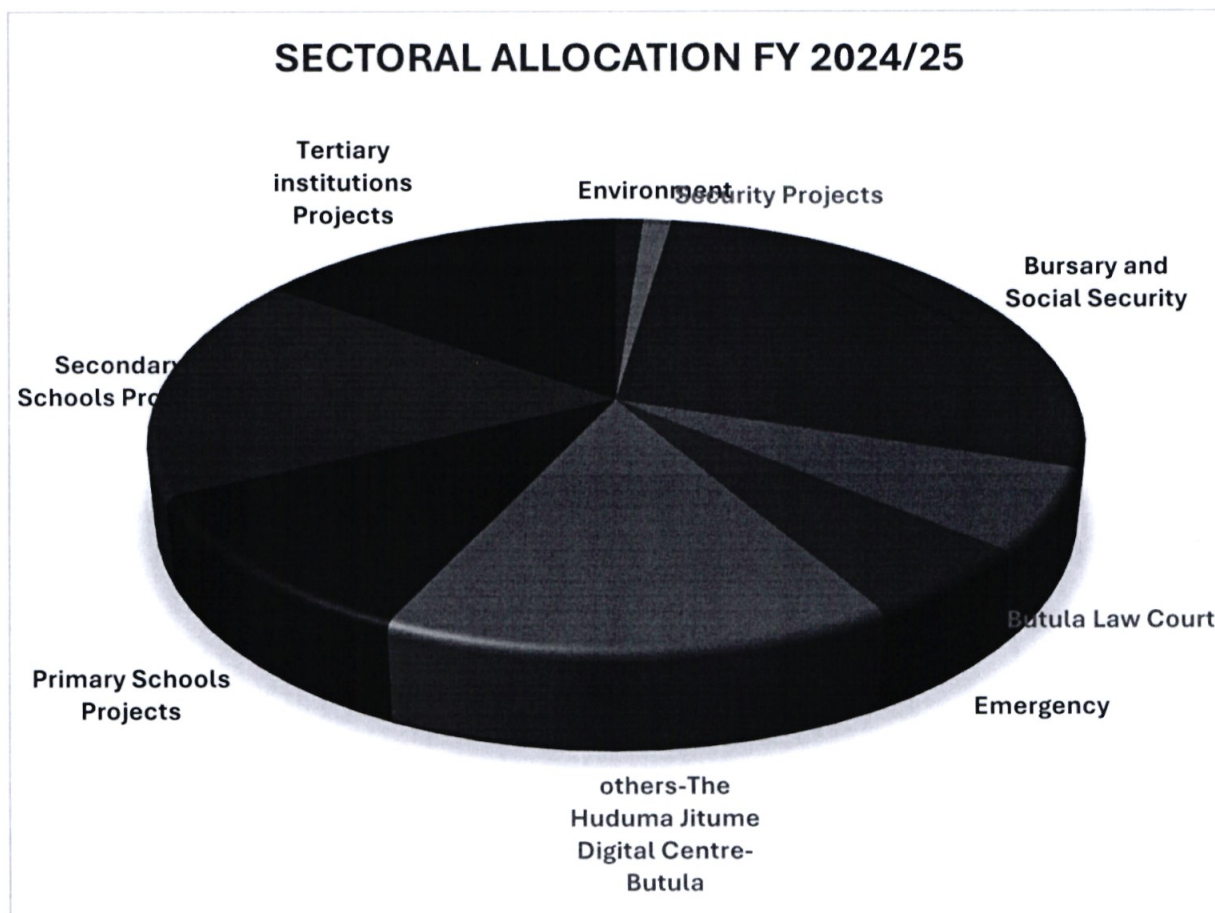
**HEZRON N. ODONGO  
CHAIRPERSON**

The Butula NGCDF budget performance against actual amounts for current year based on economic classification and programmes is hereby stated that the management has generally improved the Education and Security infrastructure within the constituency as shown in the approved budget, subsequent disbursement of funds to educational and security projects.

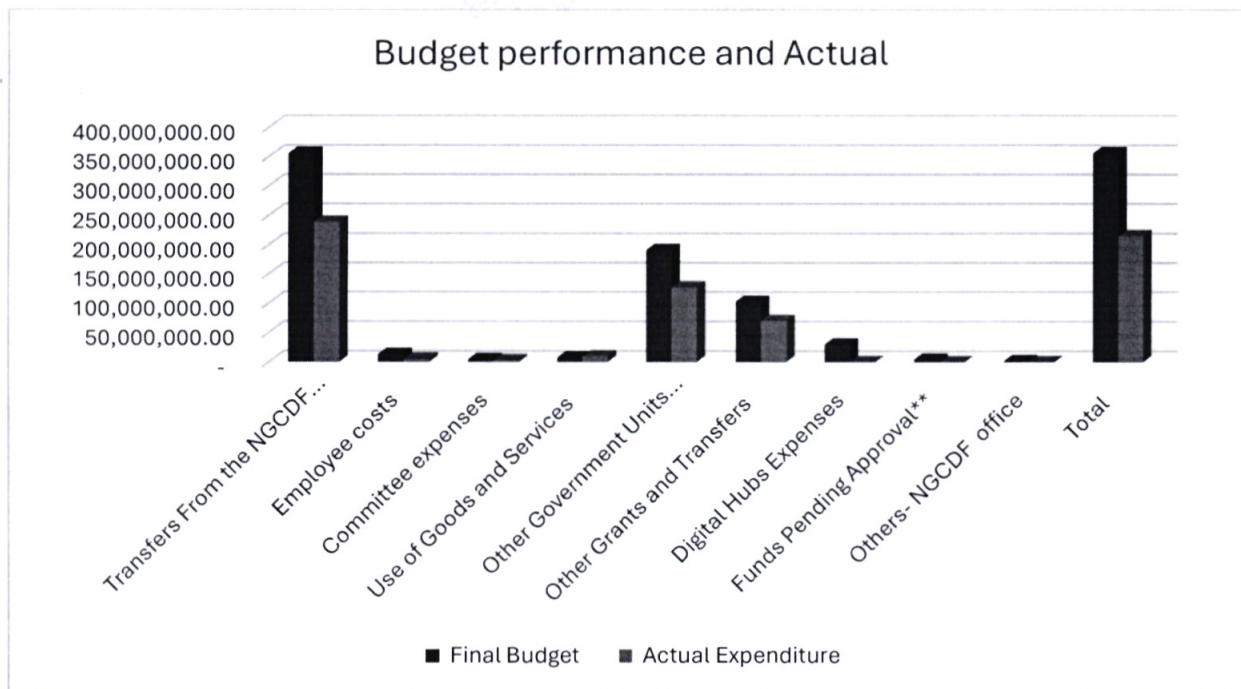
During the financial year just ended 30<sup>th</sup> June 2025, The NG-CDF Butula constituency had a budget allocation of Kshs 188,414,052 The final budget of Kshs 359,208,169 comprising allocation of kshs 188,414,052 for the financial year (with sectoral allocation below), receivables for fy 2023/24 kshs 56,785,593 and P.M.C and fund balances kshs 113,856,141. Total funds received from the Board is Kshs 238,199,645 representing 98% of the entire budget. There were also balances at the PMC accounts equivalent to ksh 30,605,484 bringing total funds for disposal at kshs 352,208,169 The total payments during the year were kshs 216,290,217 translating to an average total budget performance of 60% as distributed in the various programmes and activities as shown below;

<b>Programme/Sub-programme</b>	<b>SECTORAL ALLOCATION FY 2024/25</b>
Bursary and Social Security	50,200,000
Primary Schools Projects	19,929,334
Secondary Schools Projects	30,461,161
Security Projects	2,104,177
Emergency	9,916,529
The Huduma Jitume Digital Centre-Butula	27,728,186
Butula Law Court	11,226,824
Tertiary institutions Projects	27,544,035
Environment	2,072,000

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Revenue	Final budget	Actual on comparable basis	% of Utilization
Transfers From the NGCDF Board	359,208,169	352,208,169	98%
<b>Expenses</b>			
Employee costs	13,299,484	5,256,570	40%
Committee expenses	2,951,801	2,935,250	99%
Use of Goods and Services	9,813,515	9,326,562	95%
Other Government Units Certified Works	192,201,863	128,433,333	67%
Other Grants and Transfers	113,792,397	70,295,462	62%
Acquisition of assets	4,105,250	43,040	1%
Digital Hubs Expenses	18,736,632	-	0%
Funds Pending Approval**	4,307,227	-	0%
<b>Total Expenditure</b>	<b>359,208,169</b>	<b>216,290,217</b>	<b>60%</b>



Further, the Fund has also been an enabler in the achievement of the Big IV Agenda in; Universal Health Care - Sponsorship of Medical Students in Universities and Colleges and allocation of Funds towards completion of Butula KMTC, Manufacturing – supporting Students undertaking Technical Courses, Initiation of Butula Technical Training Institute, Security- law court construction and the digital centre for public offices and internet for the youth to enhance digital learning.

Below as illustration of some of the Projects implemented and completed during the financial year.

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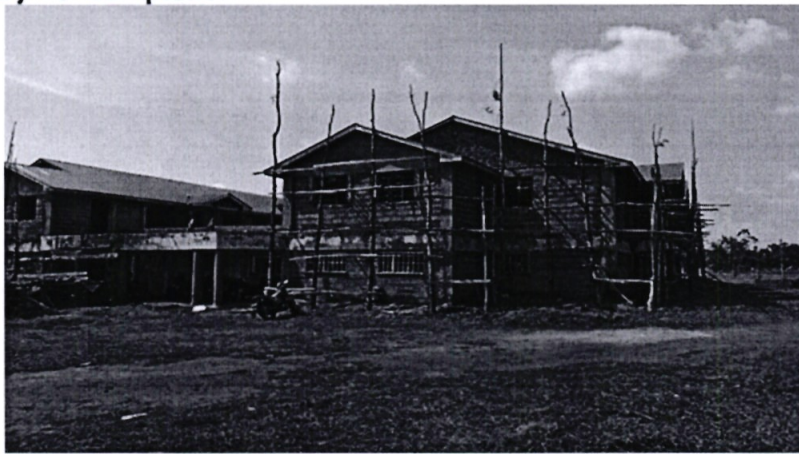


**A NEWLY CONSTRUCTED 200 CAPACITY DORMITORY AT BUKHALALIRE BOYS HIGH SCHOOL**

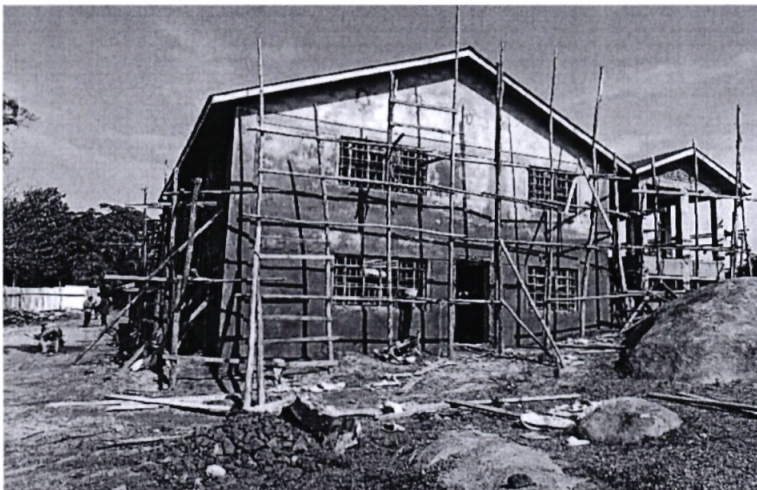




**KENYA MEDICAL TRAINING COLLEGE BUTULA CAMPUS  
-Construction Of A Storey Building Comprising Of An Administration Block, Lecture Hall And Library To Completion**

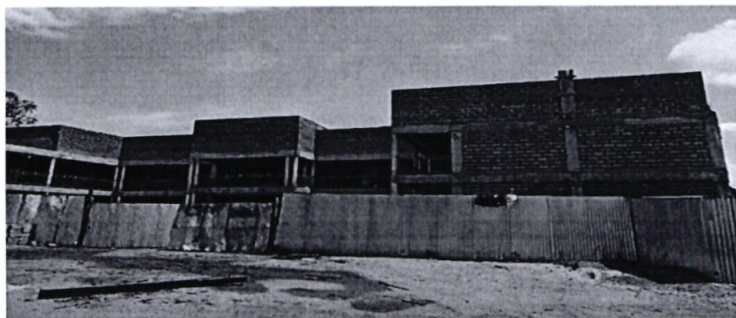


**BENGA TECHNICAL TRAINING INSTITUTE- (ONGOING CONSTRUCTION OF A STOREY DORMITORY TO COMPLETION)**



**ONGOING CONSTRUCTION OF A DORMITORY AT LUGULU AC SEC SCHOOL**

**National Government Constituencies Development Fund (NGCDF)  
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**ONGOING CONSTRUCTION OF STOREY CLASSROOMS AT BUSIRE PRIMARY SCHOOL**

No	Emerging Issues, Challenges, and Challenge	Recommendations to overcome the challenge
1.	High demand of the limited funds for infrastructural expansion	NG-CDFC allocated funds to the projects according to needs and priorities of the people
2.	Collapsing and filled up toilets due to heavy rains and loose soils in some areas	NG-CDFC allocated emergency funds to the affected institutions for construction of toilets and septic tanks
3.	Low level of project management committees' knowledge on procurement	NG-CDFC facilitated training of project management committees and other stakeholders on procurement laws and regulations
4.	Public works Bills of Quantity costs being higher than the allocated funds for the project by NG-CDFC	Clerk of works Customized the BQs to match the allocated funds in assistance from the public works
5.	Inadequate funding thus taking long to complete projects	Increase in allocation of Funds in order to meet the needs of the Constituents at a wider level.

Name: Hezron N.Odongo  
Chairman NGCDF Committee

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

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 Butula Constituency 2022-2027* plan are to:

- i. To improve education outcomes at all levels of learning within learning institutions in Butula constituency.
- ii. To enhance security for residents through multi stakeholder pronged approaches
- iii. To enhance sports and talent nurturing as a means of alternative livelihood
- iv. To achieve social cohesion in the constituency through cultural programming, mainstream alcohol, drug and substance abuse and HIV/AIDS
- v. To promote environmental conservation ii. Mitigate climate change effects
- vi. To Integrate ICT in socio economic transformation.
- vii. To improve health services access and quality in Butula constituency.
- viii. To address health hazards through community driven sanitation programmes

### 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 have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels	In FY 2024/25 -we Completed 3 number ongoing dormitory at Bukhalalire Sec School, laboratory at simuli secondary school -Bursary beneficiaries at all levels; Secondary Schools approximately 11,000 beneficiaries, Tertiary and Universities approximately 4000 beneficiaries and Special Schools approximately 400 beneficiaries
Security	To have Security Infrastructure in Every Ward	Reduce number of crime cases	Improve insecurity in the Constituency	In FY 24/25 We are constructing 1no Chiefs office; Malambisia

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				Chief's Office and ongoing Esikoma Chief's Office
Climate Mitigation	To have almost all schools with modern Biodigester Toilets and plant indigenous trees in every ward	Reduce number of emergencies arising from collapsed pit latrines	Improve Sanitation in various Schools within the Constituency	In FY 24/25 The management allocated kshs 2,072,000 for establishment of a tree nursery at Benga TTI. The project will be implemented one's funds are received from NGCDFB
Emergency	To have almost all schools with modern Pit latrines	Reduce number of emergencies arising from collapsed pit latrines	Improve Sanitation in various Schools within the Constituency	In FY 24/25 we constructed several toilets in various Institutions; As Primary School and secondary schools.

## 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:

1. There is established a National Government Constituency Development Fund Committee for every constituency.
2. Constituency Committee shall comprise of:
  - a) The national government official responsible for co-ordination of national government functions.
  - b) three men each nominated in accordance with subsection (2b), one of whom shall be a youth at the date of appointment
  - c) three women nominated in accordance with subsection (2b) 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 (2c);
  - e) The officer of the Board seconded to the Constituency Committee by the Board who shall be an ex officio member without a vote.
  - f) one member co-opted by the Board in accordance with regulations made by the Board
3. The seven persons referred to in sub-section (2) (b), and (c) 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 shall be submitted by the Board to the National Assembly for approval before appointment and gazettment by the board.

The current NGCDFC members were gazetted in 21<sup>st</sup> May, 2025 vide Gazette Notice NO. 6462

The persons appointed are drawn from different groupings as follows:

- i. Oyula Shiundu John - Male Adult Representative Appointment, pursuant to Sec. 43 (2) (b)
- ii. Hezron Namwaya Odongo Male Adult Representative Appointment, pursuant to Sec.43 (2) (b)
- iii. Habel Otele Mang'oli Male Youth Representative Appointment, pursuant to Sec. 43 (2) (b)
- iv. Bwibo Phoebe Lucy Female Adult Representative Appointment, pursuant to Sec. 43 (2) (c)
- v. Okomu Godliver Auma Female Adult Representative Appointment, pursuant to Sec. 43 (2) (c)
- vi. Nancy Anyango Odwory Female Youth Representative Appointment, pursuant to Sec.43(2) (c)
- vii. Joackim Echesa Ongidi Representative of Persons Living with Disability Appointment, pursuant to Sec. 43 (2) (d)

### b. NG-CDFC Tenure

This was in line with the term limits provided for NGCDF Constituency Committees, by Section 43(8) of the NGCDF Act 2015 which states, "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. The current committee has been in office since 2022 with their term renewed via gazettment on 15<sup>th</sup> April 2025. The first meeting was held on 2<sup>nd</sup> June 2025. The current term will end on 14<sup>th</sup> April 2027.

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

Pursuant to section 43(1) of NG-CDF Act, 2015 with its operations at the constituency level. Key functions include

- a) Build the capacity of project management committees and sensitize the Community on the operations of the Fund;
- b) Consider all project proposals from all wards in the Constituency and any other projects which a Constituency Committee considers beneficial to the Constituency;
- c) Ensure that all proposed projects that are approved for funding meet the requirements of section 24 of the Act;
- d) Ensure that project proposals submitted to the Board include detailed budget proposals, procurement plans and work plans;
- e) Consult with relevant government departments to ensure that cost estimates for projects are realistic;
- f) In considering joint projects, ensure that the participating constituencies enter into negotiations for effective implementation of such projects;
- g) Rank projects proposals in order of priority while ensuring that on-going projects take precedence;
- h) Ensure that all projects receive adequate funding and are completed within three years;
- i) Where a project involves purchase of a parcel of land or a building, ensure that the ownership thereof is duly verified and ownership documents authenticated with relevant government agencies;
- j) Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board;

**d. Removal of a member**

1. The members of a Constituency Committee may remove a Removal of a member in accordance with section 43 (13) and (14) of the Act upon receipt of a complaint against a member.
2. A complaint against a member of a Constituency Committee shall be deposited with the National Government Constituency Office.
3. The complaint referred to in paragraph (2) shall clearly set out the particulars of the issues complained of.
4. The Secretary shall convene a special meeting in accordance with these Regulations to deliberate on the complaint, but the member against whom the complaint is raised shall not participate in such a meeting.
5. If, at a meeting held pursuant to paragraph (4), members determine that sufficient grounds exist requiring the member against whom the complaint is raised to respond to the issues

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complained of, the secretary shall by notice, require the member to respond to the issues received in the complaint within fourteen days of the date of the notice.

6. A copy of the complaint and any other grounds of removal shall be attached to the notice issued under paragraph (5).
7. The member against whom the complaint is raised may be required to respond to the complaint in writing.
8. The member against whom a complaint is raised may, in addition to the written response required under paragraph (7), elect to be heard orally, and a Constituency Committee may hear such a member.
9. The member against whom a complaint is made may call witnesses.
10. If the member against whom a complaint is raised chooses not to submit a response in writing or to attend the hearings, a Constituency Committee may proceed to determine the matter.
11. Notwithstanding paragraph (10), a Constituency Committee may summon the member against whom the complaint is made to clarify any issue, and such member shall attend the hearing.

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

The training was conducted on the 09<sup>th</sup> July, 2025 in Star Back Hotel- Eldoret

**f. Number of meetings:**

NG-CDF Act Section 43 stipulates that NG-CDFC shall have a maximum of twenty-four meetings per year and not less than twelve including sub-committee meetings.

In Butula Constituency, the NG-CDF Committee conducted 12(Twelve) meetings and,8(eight)sub-committee meetings.

	Name Of Committee Member	Meetings held											
		11/08/24	30/09/24	28/10/24	25/11/24	19/12/24	21/02/25	20/03/25	09/04/25	26/04/25	15/05/25	22/05/25	11/06/25
1	Hezron N.Odongo Chairperson		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Godliver A.Okumu Secretary		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Habel M.Otele Member		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Nancy A.Oduory		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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

	Member												
5	Joackim E.Ongidi Member		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Jenifer A.Okode Member		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	John O.Shiundu Member		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Phoebe L.Bwibo Member		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

**g. Remuneration Rates**

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

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

The NG-CDFC has a strict conflict of interest policy that requires s 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.

**i. Succession plan**

Vacancies arising as a result of the removal or end of tenure of the s 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 state officer

**j. Ethics and code of conduct**

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

**k. Risk Management**

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

- To develop and maintain a strong system of Corporate Governance and Internal Controls as the basis for a robust and secure operating environment
- To minimize direct and indirect losses
- To assist in ensuring that all applicable external laws and regulations are complied with
- To assist in ensuring all internal policies, procedures, standards and control are complied with
- To provide a greater level of transparency into the operations of the fund
- To enable the Fund follow best practice in Risk Management
- To establish the current level of risk within the constituency/department
- To enable the constituency/department detect any forthcoming risks and take the necessary action.

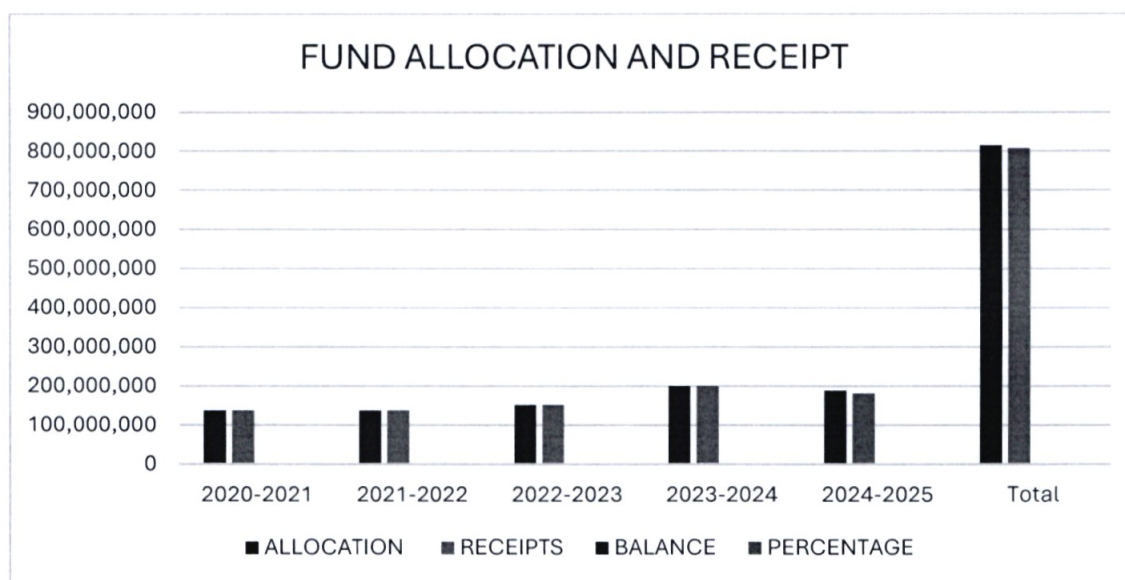
## 7. Management Discussion and Analysis

Butula NG-CDF management provides a detailed analysis of its performance in the various operation and financial areas as follows;

### a) Butula Expenditure for the last five financial years

Butula NG-CDF hereby provides financial analysis for the past five years on how much the entity has received and spend in the various critical sectors.

FINANCIAL YEAR	ALLOCATION	RECEIPTS	BALANCE	PERCENTAGE
2020-2021	137,183,879	137,183,879	-	100%
2021-2022	137,088,879	137,088,879	-	100%
2022-2023	151,960,174	151,960,174	-	100%
2023-2024	200,224,434	200,224,434	-	100%
2024-2025	188,414,052	181,414,052	7,000,000	96%
<b>Total</b>	<b>814,531,968</b>	<b>807,531,968</b>	<b>7,000,000</b>	

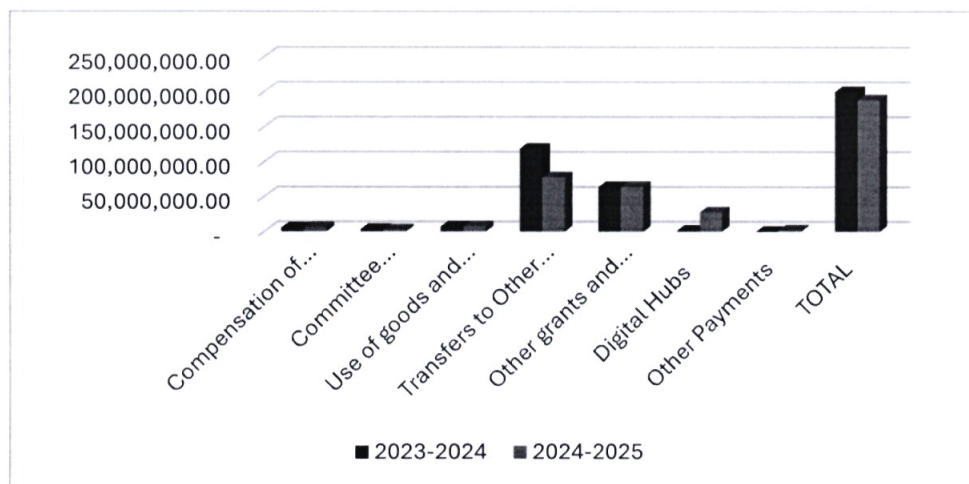


### Sector Performance

From the above data, Butula NG-CDF has been able to receive a total of Ksh 807,531,968 as at 30<sup>th</sup> June 2025 for the last five financial years. The resources have been utilized to improve the various sectors in terms of infrastructure and provision of bursaries to needy students in secondary and tertiary institutions as indicated in the above expenditure graph.



The below table further illustrates the expenditure performance of Butula NG-CDF in the past two years on the critical areas;



Based on the above information for the last two financial years; the key consumer of the resources is Education sector under transfer to other government entities with an average of over 90% of the entire allocation and the rest to the security sector other items with average of 4%. This is an indicator that the Fund has put more efforts in improving the academic standards of Butula constituency through both the infrastructure and bursaries to needy students studying in various institutions.

Further from the above analysis, it is important to note that the Fund has been able to serve the rural communities and be able to improve on the living standards of the people, poverty eradication being one of its key objectives. The management advocates for more resource allocation to further improve on its mandate.

**(b) Key Projects**

Butula NG-CDF has been able to undertake key projects that will go into improving the infrastructure standards and also providing job opportunities to the residents of Butula. purchase of land and construction of the KMTC Butula campus began in the financial year 2022/2023. the campus has been taken up by KMTC board and already enrolled its first batch of students in march intake period 2025. The institution will improve the status of Bumala B area and Butula constituency at large through wealth creation through jobs and business opportunities to the constituents.

*National Government Constituencies Development Fund (NGCDF)  
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The proposed construction of law court at Butula will enhance service delivery to the constituents for they have always been accessing such services from BUSIA town which is 50km away.

The Fund has also been able to construct additional classrooms and dormitories/hostels in the various primary and secondary schools. The Bukhalalire Boys' High School complete dormitory storey buildings; Busire Primary School ongoing storey classrooms Lugulu Sec school ongoing administration block construction, the storey buildings when completed will assist in decongesting the learning space and accommodation for the students and provide conducive working area for the teachers and administration of the schools.

The NGCDFC continually support the youth by providing sufficient space to access free WIFI so as to enhance awareness and uptake of online platforms for employment and business opportunities. To establish where the youth entrepreneurial skills are harnessed and explored, Huduma Jitume Digital Centre has been proposed and approved for funding and implementation during the financial year. is one of the projects yet to start, it's on procuring stage. The Huduma Jitume Digital Centre will also house other departmental offices in the subcounty which are currently operating from Busia thus improving service delivery.

Butula NG-CDF has equally provided infrastructure to various institutions across the constituency including the recent matching fund arrangement with the Ministry of Education to construct Junior Secondary School classrooms, infrastructurally this will enhance the success of the Competency-Based Education.

Bursary to needy students both in secondary and tertiary institutions has also been endeavoring to reach the most vulnerable and bright students in the constituency.

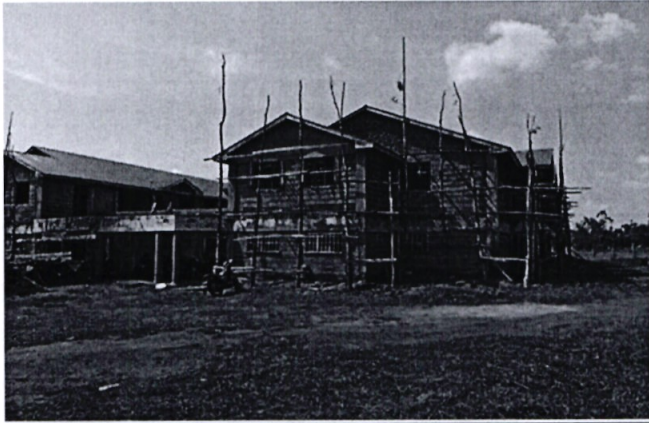




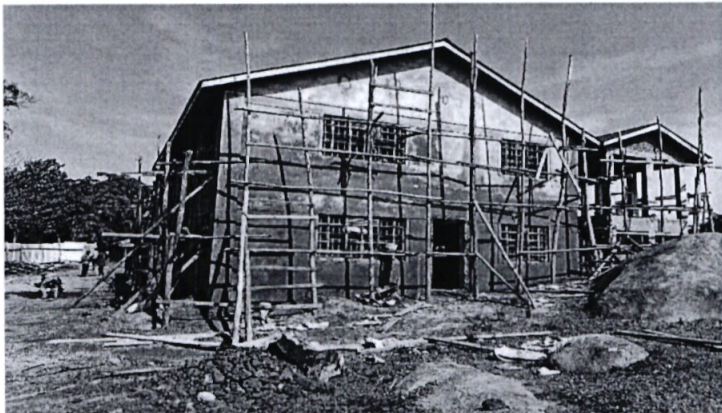
**A NEWLY CONSTRUCTED 200 CAPACITY DORMITORY AT BUKHALALIRE BOYS HIGH SCHOOL**



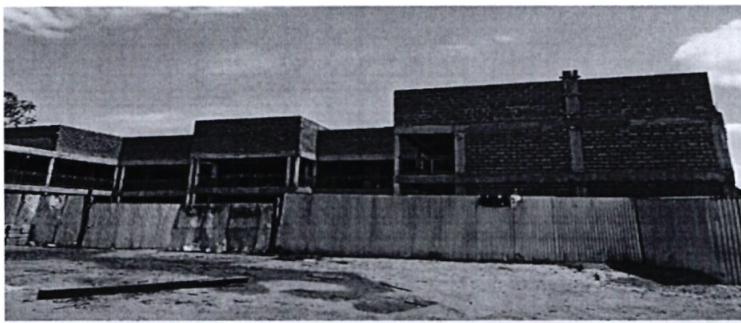
**Marachi West ACC office constructed to completion**



**BENGA TECHNICAL TRAINING INSTITUTE- (ONGOING CONSTRUCTION OF A STOREY DORMITORY TO COMPLETION)**



**ONGOING CONSTRUCTION OF A DORMITORY AT LUGULU AC SEC SCHOOL**



**ONGOING CONSTRUCTION OF STOREY CLASSROOMS AT BUSIRE PRIMARY SCHOOL**

**(c). Compliance with statutory requirements.**

Butula NG-CDF is an entity that is guided by the constitution of Kenya 2010, NG-CDF Act 2015, PFM Act 2012, PPADA 2015 and other relevant laws and regulations issued from time to time.

Butula NG-CDF has been able to equally meet its obligations for instance payment of taxes as VAT withholding tax from contractors/suppliers and suppliers within committee and PMC level, Pay As You Earn Tax and Withholding Tax as required and further commits to operate within the law even to the future.

**(d). Review of the Economy, Sector and Future Developments**

The Kenyan Economy has not been doing well in the past years due to the many factors such as the Covid 2019 that reduce the business growth and hence revenue collection. NG-CDF as a fund was equally affected by the same whereby the cost of implementing projects increased hence affecting completion timelines and even the budget process.

In the last three years there has been improvement in the revenue growth which has led to increased budgetary allocation of the Fund even at the constituency level. This has been elaborated in the above table.

With the intention to entrench the Fund in the Kenyan Constitution, there is a good chance that in the future the Fund will grow and be able to spur more economic growth at the constituency level. Butula NG-CDF has put in place mechanisms through its strategic plan to ensure more projects are implemented within the next three years.



.....  
**Jepletting Mary**  
**Fund Account Manager**

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

### **I. Sustainability strategy and profile -**

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

- a. **Education and Training:** Butula 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, reafforestation, grassroots sensitization, and tree seedling production.

## **II. Employee welfare**

We invest in providing the best working environment for our employees. Butula 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. Butula 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.

### **III. Marketplace practices-**

Butula Constituency is committed to fair and ethical market place practices.

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

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

NGCDF has put in efforts to ensure:

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

### **IV. Community Engagements-**

BUTULA 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**

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

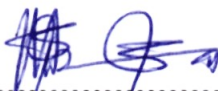
**Public participation** is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

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

**Public Awareness**

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

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



.....  
**Jepletting Mary**  
**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-Butula 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.

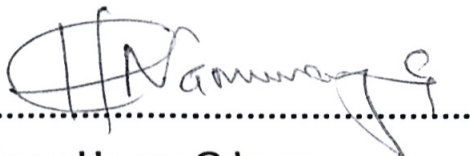
The Accounting Officer in charge of the NGCDF-Butula Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting 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- BUTULA 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 Butula Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the *constituency's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

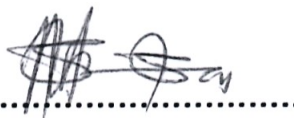
In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

#### **Approval of the financial statements**

The NGCDF- Butula Constituency financial statements were approved and signed by the Accounting Officer on 14/08/2025



**Name: Hezron Odongo**  
**Chairman – NGCDF Committee**



**Name: Jepletting Mary**  
**Fund Account Manager**

# REPUBLIC OF KENYA

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NAIROBI

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying transitional International Public Sector Accounting Standards financial statements of National Government Constituencies Development Fund – Butula Constituency set out on pages 1 to 62, which comprise the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional International Public Sector Accounting Standards financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Butula Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under International Public Sector Accounting Standard 33 and comply with the National Government Constituencies Development Fund Act, 2015 (Amended, 2023), the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 24 April, 2025.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy of Cash and Cash Equivalents Opening Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.113,876,931 as opening balance as disclosed in Note 19 to the financial statements. However, the previous year audited financial statements for the year ended 30 June, 2024 indicates a balance of Kshs.113,962,949 comprising operational accounts balance of Kshs.81,389,947, deposit account balance of Kshs.1,946,728 and Project Management Committee (PMC) bank balances of Kshs.30,626,274, resulting to unexplained variance of Kshs.86,018.

In the circumstances, the accuracy and completeness of cash and cash equivalents opening balance Kshs.113,876,931 as at 1 July, 2024 could not be confirmed.

#### **2. Inaccuracy of the Opening Balance for Third Party Deposits**

The statement of financial position indicates opening balance as at 1 July 2014 for third-party deposits of Kshs.1,860,710. This contradicts the previous year audited financial statements for year ended 30 June, 2024 which indicates a balance of Kshs.1,946,827, resulting to an unreconciled variance of Kshs.86,117.

In the circumstances, the accuracy and completeness of opening balance as at 1 July, 2024 for third-party deposits of Kshs.1,860,710 could not be confirmed.

#### **3. Variances between Financial Statements and Ledger Amounts**

Review of the statement of financial performance amounts against the supporting ledgers balances revealed unreconciled variances as follows:

- i. The other grants and transfers expenditure of Kshs.133,259,264 was supported by general ledger balance of Kshs.140,080,231 comprising primary schools'

expenditure of Kshs.52,885,405, secondary schools of Kshs.40,961,161, and tertiary institutions of Kshs.52,233,665 resulting in an unexplained variance of Kshs.12,820,967.

- ii. The other grants and transfers expenditure of Kshs.71,268,478 was supported by general ledger balance of Kshs.78,146,186 resulting in an unexplained variance of Kshs.6,877,708. The variance was attributed to ledger balances for security expenditure of Kshs.12,955,686, and emergency of Kshs.10,800,000.

In the circumstances, the accuracy and completeness of deficit for the year amounting to Kshs.33,966,591 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 – Butula 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.359,076,576 and Kshs.352,076,576 respectively, resulting to under-funding of Kshs.7,000,000 or 2% of the budget. Similarly, the Fund spent Kshs.216,290,217 against budgeted expenditure of Kshs.359,076,576 resulting to an under-expenditure of Kshs.142,786,359 or 40% of the 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 previous year audit, several issues were raised under Report on the Financial Statements, Emphasis of Matter, the Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on the Effectiveness of Internal Controls, Risk management and Governance as detailed in **Appendix I**. However, the issues had not been resolved and no explanation was provided for the delay in resolving the issues.

## **Other Information**

The Management is responsible for the Other Information set out on page ii to xxxiv which comprise of Key Constituency Information and Management, NGCDF Committee, NGCDFC 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. Non-Compliance with Transition from Cash to Accrual Accounting Framework**

Review of the implementation of cash basis to accrual basis of accounting roadmap at the National Government Constituencies Development Fund – Butula Constituency revealed that the accounting officer of the Fund did not establish a cash to accrual transition committee at the entity level and appoint a project manager to oversee the transition. Further, a detailed roadmap outlining the key milestones at the entity level was not developed.

This was contrary to The National Treasury and Economic Planning circular Ref. Treasury circular No.3/2025 of 14 April, 2025 for Guidelines on transition from cash to accrual accounting by the National Government, County Governments and their respective entities.

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

## **2. Delayed Completion of a Hostel at Benga Technical Training Institute**

The statement of financial performance and Note 13 to the financial statements reflect other grants and transfers expenditure of Kshs.133,259,264. The amount includes tertiary institutions expenditure of Kshs.42,419,383, which comprises disbursements totaling to Kshs.12,044,035 to Benga Technical Training Institute for construction of a hostel. However, physical verification revealed that hostel whose construction was started in the financial year 2017/2018, although marked complete and in use, was still under construction. Further, the contractor was not on site, the workmanship was unsatisfactory, and explanations were not provided for the prolonged construction period.

This was contrary to Section 38 of the National Government Constituencies Development Fund Act, 2015 which requires the officer of the Board in every constituency to compile and maintain monthly records of all receipts, disbursements, and actual expenditures for every project, and Sections 11(i), (j), and (r) which require the Constituency Development Committee (CDC) to prioritize ongoing projects, ensure adequate funding, and completion of all projects within three years.

In the circumstances, the effectiveness in use of public funds in the construction of the hostel could not be confirmed

## **3. Security Projects – Stalled Shibale AP Camp with a Pending Court Case**

The statement of financial performance and Note 14 to the financial statements reflects other grants and transfers expenditure amounting to Kshs.71,268,850. The expenditure includes security projects of Kshs.6,981,130, which further comprises a disbursement of Kshs.3,000,000 for construction of Shibale police post. However, the construction had not been implemented due to a pending court case, where a former contractor was claiming payments for previous construction works done in the financial year 2013/2014. In addition, the supporting records and documentation for the claimed earlier works were not provided for audit verification. This was contrary to Sections 11(i), (j), and (r) of the National Government Constituencies Development Fund Act, 2015 which require the Constituency Development Committee to prioritize ongoing projects, ensure adequate funding, and completion of all projects within three years.

In the circumstances, the value for money realized for unused funds amounting to Kshs.3,000,000 could not be confirmed

## **4. Unfair Distribution of Resources Amongst Institutions**

Note 13 to the financial statements in respect to other government units' expenditure amount of Kshs.133,259,264 includes secondary schools' expenditure of Kshs.37,954,476. However, the expenditure was incurred in respect to only six (6) out of a total of thirty-two (32) secondary schools in Butula Constituency. It was not explained how the allocation to six schools ensured equitable access to services and fair treatment of inhabitants across the constituency. This was contrary to Section 24(b) of the National Government Constituency Development Fund Act, 2015, stipulates that project under this Act shall be community-based to ensure that the benefits are available to a widespread cross-section of the inhabitants of a particular area.

In the circumstances, the effectiveness of allocation of funds to beneficiaries could not be confirmed.

#### **5. Failure to Implement Projects at Burinda Primary School**

Note 13 to the financial statements in respect to other government units' expenditure amount of Kshs.133,259,264 include primary schools' expenditure of Kshs.52,885,405. The expenses include Kshs.2,676,836 for construction to completion of two (2) classrooms, and renovation to completion of a 100No. students capacity home science hall, and renovation to completion of two (2) classrooms at Burinda primary school. However, physical verification conducted on 24 September, 2025 revealed that the procurement and the construction works had not commenced. Further, explanations were not provided for the failure to implement the project. This was contrary to Sections 11(i), (j), and (r) of the National Government Constituencies Development Fund Act, 2015 which require the Constituency Development Committee to prioritize ongoing projects, ensure adequate funding, and completion of all projects within three years.

In the circumstances, the value for money realized in respect of disbursement of Kshs.2,676,836 could not be confirmed.

#### **6. Non-Compliance with Climate Change Mitigation and Adaptation Initiatives**

Review of the approved budget for the Fund revealed an allocation of Kshs.2,072,000 or 1% of the budget for environmental activities. However, no funds were utilized during the year under review, and explanation was not provided for failure to utilize the funds.

In the circumstances, value for money was not realized for not started projects as the intended outputs and outcomes were not achieved within the planned timeframe.

#### **7. Outstanding Tax Arrears Owed to Kenya Revenue Authority**

Following a tax audit covering the five-year period from 2014 to 2018, the Fund was assessed to have tax arrears amounting to Kshs.858,976 which had not been settled as at 30 June, 2025. Further, the tax liability was not disclosed in the financial statements.

In the circumstances, Management was in breach of the tax laws.

#### **8. Project Implementation Status Report**

During the year under review, the Fund had planned to implement forty-seven (47) projects at a total cost of Kshs.175,969,010. However, review of implementation records revealed that thirty-six (36) projects, representing 77% of the total, were completed at a cost of Kshs.118,910,279 while three (3) projects, representing 6%, remained ongoing at the close of the financial year, with a cumulative cost of Kshs.39,937,761 and eight (8) projects of total cost of Kshs.17,120,970 were not started.

In the circumstances, value for money was not realized from the eleven (11) projects that were either ongoing or not started, as the intended outputs and outcomes were not achieved within the planned timeframe.

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

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

### **Conclusion**

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

### **Basis of Conclusion**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Nairobi**

**08 December, 2025**

## Appendix 1: Unresolved Prior Year Matters


Reference No. of Auditor-General's Report	Title of Audit Issue
	<b>Report on the Financial Statements</b>
1	Unsupported retention balance
2	Inaccuracies of the financial statements
	<b>Emphasis of Matter</b>
	Budgetary Control and Performance
	<b>Report on Lawfulness and Effectiveness in the Use of Public Resources</b>
1	Lack of transparency in disbursements of bursary funds.
	<b>Report on Effectiveness of Internal Controls, Risk Management and Governance</b>
1	Lack of land ownership documents for Musibiriri school land

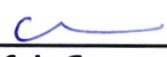
*National Government Constituencies Development Fund (NGCDF)*  
*BUTULA Constituency*  
*Annual Report and Financial Statements for The Year Ended June 30, 2025*


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

	Note	2024/2025 FY
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the NGCDF Board	6	188,414,052
Grants/donations from other entities	7	-
<b>Revenue from exchange transactions</b>		
Finance income	8	-
Miscellaneous income	9	-
<b>Total revenue</b>		<b>188,414,052</b>
<b>Expenses</b>		
Employee costs	10	5,256,571
Committee expenses	11	2,935,250
Use of Goods and Services	12	9,266,041
Other Government Units Actual expenditure	13	133,259,264
Other Grants and Transfers Actual expenditure	14	71,268,478
Depreciation and amortization expense	15	352,000
Acquisition of assets	16	43,040
Digital Hubs Actual expenditure	16a	-
<b>Total expenses</b>		<b>222,380,643</b>
<b>Other gains/(losses)</b>		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
<b>Surplus/(Deficit) for the year</b>		<b>(33,966,591)</b>

The Constituency financial statements were approved by the NGCDFC on 14/08/2025 and signed by:

  
 Chairman NG-CDF  
 Committee  
 Name: Odongo Hezron

  
 National Sub-County  
 Accountant  
 Name: Musieka Charles  
 ICPAK M/No:17705

  
 Fund Account Manager  
 Name: Jepletting Mary

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

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

	Note	2024/2025 FY	Opening Statement 1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	19	135,786,359	113,876,931
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	7,000,000	56,785,593
Prepayments	22	60,521	-
<b>Total Current Assets</b>		<b>142,846,880</b>	<b>170,662,524</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	23	3,408,000	3,760,000
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
<b>Total Non- Current Assets</b>		<b>3,408,000</b>	<b>3,760,000</b>
<b>Total Assets (A)</b>		<b>146,254,880</b>	<b>174,422,524</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	26	-	-
Third-Party Deposits	27	7,659,657	1,860,710
Lease Liabilities	28	-	-
Gratuity provision	29	1	-
<b>Total Current Liabilities</b>		<b>7,659,658</b>	<b>1,860,710</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities	28	-	-
<b>Total Liabilities (B)</b>		<b>7,659,658</b>	<b>1,860,710</b>
<b>Net Assets (A-B)</b>		<b>138,595,222</b>	<b>172,561,814</b>
<b>Represented by:</b>			
Revaluation Reserves		-	-
Accumulated Surplus		138,595,222	172,561,814
<b>Total Net Assets</b>		<b>138,595,222</b>	<b>172,561,814</b>

The Constituency financial statements set out on 1 to 8 approved by NG CDFC on 14/08/2025 and signed by:

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

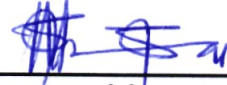
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Chairman-NG-CDF  
Committee  
Name: Odongo Hezron



National Sub-County  
Accountant  
Name: Musieka Charles  
ICPAK M/No:17705



Fund Account Manager  
Name: Jepletting Mary

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

**3. Statement of Changes in Net Assets for the year ended 30 June 2025**

Description	Accumulated surplus/Deficit	Revaluation Reserves	Total
		Kshs	Kshs
<b>Fund Balance as at 30<sup>th</sup> June 2024</b>	81,389,947		81,389,947
<b>Adjustments</b>			
Recognition of Assets	91,171,867		91,171,867
Recognition of Liabilities	-		-
<b>As at July 1, 2024</b>	<b>172,561,814</b>		<b>172,561,814</b>
Surplus/(Deficit) For the Period	(33,966,591)		(33,966,591)
Revaluation Gain/Loss	-	-	-
<b>As at June 30, 2025(current year)</b>	<b>138,595,222</b>	-	<b>138,595,222</b>

Note:

1. Recognition of assets include; PMC bank balances at the beginning of the financial year, Disbursement owing from the Board, Property, Plant and Equipment and work in progress at the beginning of the financial year
2. Third party deposits were restated to ksh 1,860,710 this was as a result of an error of kshs 86,117 corrected in the cashbook.

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.

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

	Notes	2024/2025 FY
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the NGCDF Board		238,199,645
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
<b>Total Receipts</b>		<b>238,199,645</b>
<b>Payments</b>		
Employee costs		5,256,570
Committee expenses		2,935,250
Use of Goods and Services		9,326,562
Other Government Units Certified Works		128,433,333
Other Grants and Transfers		70,295,462
Acquisition of asset		43,040
Digital Hubs Expenses		-
<b>Total Payments</b>		<b>216,290,217</b>
<b>Net Cash Flows from/ (used in) Operating Activities</b>	30	<b>21,909,429</b>
<b>Cash flows From Investing Activities</b>		
Purchase of PPE		-
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
<b>Net Cash Flows from Investing Activities</b>		<b>-</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>21,909,429</b>
<b>Cash Flows from Financing Activities</b>		
Lease Payment		-
<b>Net Cash Flows from Financing Activities</b>		<b>21,909,429</b>
Cash and cash equivalents at 1 July 2024	19	113,876,931
<b>Cash and cash equivalents at 30 June 2025</b>	19	<b>135,786,359</b>

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024/2025 FY	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024/2025 FY	2024/2025 FY		
<b>Revenue</b>							
Transfers From the NGCDF Board	188,414,052	113,876,931	56,785,593	359,076,576	352,076,576	7,000,000	98%
Grants/donations from other entities	-	-	-	-	-	-	-
Finance income	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-
<b>Totals</b>	<b>188,414,052</b>	<b>113,876,931</b>	<b>56,785,593</b>	<b>359,076,576</b>	<b>352,076,576</b>	<b>7,000,000</b>	<b>98%</b>
<b>Expenses</b>							
Employee costs	6,100,158	7,199,326	-	13,299,484	5,256,570	8,042,914	40%
Committee expenses	1,457,000	1,494,801	-	2,951,801	2,935,250	16,551	99%
Use of Goods and Services	8,901,472	912,044	-	9,813,516	9,326,562	486,954	95%
Other Government Units Certified Works	77,934,530	61,180,187	53,005,593	192,120,310	128,433,333	63,686,977	67%
Other Grants and Transfers	75,519,530	35,942,826	2,280,000	113,742,356	70,295,462	43,446,894	62%

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024/2025 FY	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024/2025 FY	2024/2025 FY		
Acquisition of assets	-	2,605,250	1,500,000	4,105,250	43,040	4,062,210	1%
Digital Hubs Expenses	16,501,362	2,235,270	-	18,736,632	-	18,736,632	0%
Funds Pending Approval**	2,000,000	2,307,227	-	4,307,227	-	4,307,227	0%
<b>Total Expenditure</b>	<b>188,414,052</b>	<b>113,876,931</b>	<b>56,785,593</b>	<b>359,076,576</b>	<b>216,290,217</b>	<b>142,786,359</b>	<b>60%</b>
<b>Surplus for the period</b>							

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

**Explanatory Notes.**

*[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]*

Expenses		Explanatory Notes
Employee costs	40%	Funds received at the constituency but AIE had not been received
Other Government Units Certified Works	67%	Funds received at the constituency but AIE had not been received
Other Grants and Transfers	62%	Funds received at the constituency but AIE had not been received
Acquisition of assets	1%	Funds received at the constituency but AIE had not been received
Digital Hubs Expenses	0%	Procurement in progress
Funds Pending Approval**	0%	Additional information requested by the Board delayed approval of the projects-as resubmission was done

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	142,786,359
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2025	7,000,000
Cash and Cash Equivalents at the end of the 30 <sup>th</sup> June 2025	<b>135,786,359</b>

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 14/08/ 2025 and signed by:

  
\_\_\_\_\_  
Fund Account Manager

Name: Jepletting Mary

  
\_\_\_\_\_  
National Sub-County Accountant

Name: Musieka Charles  
ICPAK M/No:17705

  
\_\_\_\_\_  
Chairman NG-CDF Committee

Name: Odongo Hezron

16. Budget Execution by Sectors And Projects For The Year Ended 30<sup>th</sup> June 2025

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>1.0 Administration and Recurrent</b>						
1.1 Compensation of employees	6,100,158	7,199,326	-	13,299,484	5,256,570	8,042,914
1.2 Committee allowances	728,000	316,295	-	1,044,295	1,029,000	15,295
1.3 Use of goods and services	4,476,685	503,545	-	4,980,230	4,895,383	84,847
<b>Sub-total</b>	<b>11,304,843</b>	<b>8,019,166</b>	<b>-</b>	<b>19,324,009</b>	<b>11,180,953</b>	<b>8,143,056</b>
2.0 Monitoring and evaluation				-		-
2.1 Capacity building	1,592,790	113,037		1,705,827	1,699,660	6,167
2.2 Committee allowances	729,000	1,178,506		1,907,506	1,906,250	1,256
2.3 Use of goods and services	2,831,997	70,669		2,902,666	2,731,519	171,147
<b>Sub-total</b>	<b>5,153,787</b>	<b>1,362,212</b>	<b>-</b>	<b>6,515,999</b>	<b>6,337,429</b>	<b>178,570</b>
<b>4.0 Emergency</b>						
unutilized	9,916,529	10,252,458	-	20,168,987	-	20,168,987
Bumutiru Ac Pri School	-	-	-	800,000	711,360	88,640
Butula Boys Pri School Pmc	-	-	-	800,000	708,570	91,430
Kalalani Pri School Pmc	-	-	-	800,000	711,000	89,000
Kingandole Pri School	-	-	-	500,000	441,000	59,000
Madola Pri School Pmc	-	-	-	800,000	704,988	95,012

*National Government Constituencies Development Fund (NGCDF)*

*BUTULA Constituency*

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Namwitsula Sec School Pmc	-	-	-	450,000	447,351	2,649
Nango Pri School Pmc	-	-	-	500,000	449,549	50,451
Neela Primary School	-	-	-	400,000	-	400,000
Nyalwanda Pri School Pmc	-	-	-	500,000	495,000	5,000
Sikura Pri School Pmc	-	-	-	500,000	449,674	50,326
Siribo Sec School Pmc	-	-	-	800,000	711,845	88,155
St.Augustine Boys Boarding Pri	-	-	-	800,000	392,671	407,329
Bukhwaku Pri School	-	-	-	500,000	497,271	2,729
Butula Tvc Pmc	-	-	-	650,000	645,526	4,474
Kmtc Butula	-	-	-	1,500,000	1,337,085	162,915
Saka Pri School Pmc	-	-	-	500,000	492,970	7,030
				-	-	-
<b>Sub-total</b>	<b>9,916,529</b>	<b>10,252,458</b>	<b>-</b>	<b>20,168,987</b>	<b>9,195,861</b>	<b>10,973,126</b>
5.0 Bursary and Social Security				-		-
5.1 Primary Schools				-		-
5.2 Secondary Schools	29,000,000	72,899		29,072,899	28,791,000	281,899
5.3 Tertiary Institutions	20,000,000	8,360,934		28,360,934	23,771,500	4,589,434

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
5.4 special needs	1,200,000	1,994,000		3,194,000	1,828,000	1,366,000
5.5 Education Support Programmes				-		-
5.6 Social Security				-		-
<b>Sub-total</b>	<b>50,200,000</b>	<b>10,427,833</b>	<b>-</b>	<b>60,627,833</b>	<b>54,390,500</b>	<b>6,237,333</b>
<b>7.0 Environment</b>						
Benga Technical Training Institute	2,072,000	-	-	2,072,000	-	2,072,000
NG-CDF Office	-	147,300	-	147,300	-	147,300
Butula Technical Vocation College	-	-	130,000	130,000	-	130,000
Namwitsula Secondary School	-	-	130,000	130,000	-	130,000
KMTC Butula Campus	-	-	130,000	130,000	-	130,000
Simuli Secondary School	-	-	130,000	130,000	-	130,000
Benga Technical Training Institute	-	-	130,000	130,000	-	130,000
Marachi West Assistant County Commissioner Office	-	-	130,000	130,000	-	130,000
<b>Sub-total</b>	<b>2,072,000</b>	<b>147,300</b>	<b>780,000</b>	<b>2,999,300</b>	<b>-</b>	<b>2,999,300</b>
<b>8.0 Primary Schools Projects</b>						
Ack Siololo Primary School Pmc	-	500	1,200,000	1,200,500	1,189,050	11,450
Buduma Junior Secondary School	-	-	2,682,423	2,682,423	2,644,230	38,193
Buhuyi pri School	-	223,737	-	223,737	221,910	1,827

*National Government Constituencies Development Fund (NGCDF)*

*BUTULA Constituency*

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Bukhalalire Primary School		1,700		1,700		1,700
Bukhuma Junior Secondary School	-	500	2,682,422	2,682,922	2,648,731	34,191
Bukhwaku Junior Secondary School	-	500	2,682,423	2,682,923	2,584,083	98,840
Bumala AC Primary School	800,000	-	-	800,000	693,793	106,207
Bumala Rc Junior Sec School Pmc		20,986		20,986		20,986
Bumala RC Junior Secondary Sch	-	2,682,422	-	2,682,422	2,628,872	53,550
Bumutiru RC primary school		1,598	-	1,598	-	1,598
Burinda Junior Secondary School	-	2,682,422	-	2,682,422	2,439,211	243,211
Burinda Primary School	-	-	1,200,300	1,200,300	-	1,200,300
Burinda Primary School	-	-	1,200,250	1,200,250	-	1,200,250
Burinda Primary School		603,800	-	603,800	-	603,800
Busire Primary School	17,729,334	49,275	8,664,396	26,443,005	19,425,800	7,017,205
Butunyi Primary School	-	1,800	-	1,800	-	1,800
Busibula primary school	-	102,047	-	102,047	-	102,047
Dadira Primary School		2,689,975		2,689,975	2,677,482	12,493
Echengo Primary School-New	-	-	1,200,000	1,200,000	-	1,200,000
Elunyiko Junior Secondary School	-	2,682,422	-	2,682,422	2,669,586	12,836

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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
Esibembe Pri School	-	650	-	650	-	650
Esibembe Primary School	200,000	-	-	200,000	-	200,000
Esibina Primary School	600,000	-	-	600,000	486,918	113,082
Esibina Primary School	-	154,266	-	154,266	-	154,266
Lugulu AC Primary School	-	1,700	-	1,700	-	1,700
Makwara Junior Sec School Pmc	-	54,995	-	54,995	-	54,995
Makwara Junior Secondary School	-	-	2,682,422	2,682,422	2,401,373	281,049
Mung'abo Junior Secondary Sch	-	2,660,639	21,783	2,682,422	2,515,223	167,199
Saka Junior Sec School Pmc	-	58,660	-	58,660	-	58,660
Saka Junior Secondary School	-	-	2,682,422	2,682,422	2,437,110	245,312
Sikarira Junior Sec School Pmc	-	500	-	500	-	500
Sikarira Junior Secondary School	-	-	2,682,422	2,682,422	2,414,324	268,098
Sikura Primary School	-	54,955	-	54,955	-	54,955
St.John Utatu Primary School	-	308,123	-	308,123	217,999	90,124
Tingolo Primary School	600,000	43,010	-	643,010	537,049	105,961
Sub-total	19,929,334	15,081,182	29,581,263	64,591,779	50,832,744	13,759,035
<b>9.0 Secondary Schools Projects (List all the Projects)</b>						
Buduma Girls Sec School	-	839,972	-	839,972	784,474	55,498

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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
Buhuyi Sec School	-	365,518	-	365,518	-	365,518
Bujumba Boys Sec School	-	678,059	-	678,059	668,719	9,340
Bukhalalire Boys High School	15,527,156	-	9,000,000	24,527,156	17,715,283	6,811,873
Busiada Girls Secondary School	4,000,000	1,641	-	4,001,641	-	4,001,641
Lugulu AC Secondary School	10,934,005	9,001,025	-	19,935,030	10,571,585	9,363,445
Musibiriri Sec School	-	2,727,756	-	2,727,756	2,532,160	195,596
Namwitsula Sec School	-	192,838	-	192,838	189,087	3,751
Simuli Sec School	-	4,054,680	-	4,054,680	3,480,026	574,654
Siribo Sec School	-	129,950	-	129,950	-	129,950
St.Monica Butunyi Girls Sec Sch	-	-	1,500,000	1,500,000	-	1,500,000
<b>Sub-total</b>	<b>30,461,161</b>	<b>17,991,439</b>	<b>10,500,000</b>	<b>58,952,600</b>	<b>35,941,334</b>	<b>23,011,266</b>
<b>10.0 Tertiary institutions Projects (List all the Projects)</b>				-		-
Benga Technical Training Institute	10,544,035	4,885,198	-	15,429,233	10,851,896	4,577,337
Benga Technical Training Institute	5,000,000	711,256	-	5,711,256	-	5,711,256
Benga Technical Training Institute	-	2,775,286	1,500,000	4,275,286	-	4,275,286
Butula Technical and Vocation Colleg	-	1,600,000	4,620,420	6,220,420	-	6,220,420
Butula Technical and Vocation Colleg	-	72,369	-	72,369	68,000	4,369

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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
K.M.T.C- Butula Campus	2,000,000	-	-	2,000,000	1,800,000	200,000
K.M.T.C- Butula Campus	5,000,000	-	-	5,000,000	-	5,000,000
K.M.T.C- Butula Campus	-	898,157	-	898,157	-	898,157
K.M.T.C- Butula Campus	5,000,000	17,165,300	6,803,910	28,969,210	28,939,359	29,851
<b>Sub-total</b>	<b>27,544,035</b>	<b>28,107,566</b>	<b>12,924,330</b>	<b>68,575,931</b>	<b>41,659,255</b>	<b>26,916,676</b>
<b>11.0 Security Projects</b>						
Burinda Chiefs Office/Marachi West Acc		1,179,552		1,179,552	100,360	1,079,192
Esikoma Chiefs Office	2,104,177	2,123,666	-	4,227,843	2,763,719	1,464,124
Esikoma Chief's Office	-	1,000	-	1,000	-	1,000
Malambisia Chief's Office	-	4,227,843	-	4,227,843	3,845,022	382,821
Marachi West ACC Office	-	-	1,500,000	1,500,000	-	1,500,000
DCC residence		20,790	-	20,790	-	20,790
Shibale AP Camp	-	3,000,000	-	3,000,000	-	3,000,000
Tingolo Police Station	-	4,426,568	-	4,426,568	-	4,426,568
<b>Sub-total</b>	<b>2,104,177</b>	<b>14,979,419</b>	<b>1,500,000</b>	<b>18,583,596</b>	<b>6,709,101</b>	<b>11,874,495</b>
<b>SPORTS</b>						
Constituency Sports	-	135,816	-	135,816	-	135,816
<b>Sub-total</b>	<b>-</b>	<b>135,816</b>	<b>-</b>	<b>135,816</b>	<b>-</b>	<b>135,816</b>

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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
12.0 Acquisition of assets						
12.1 Motor Vehicles (including motorbikes)	-	-	-	-		-
12.2 Purchase of furniture and fittings	-	-	-	-		-
12.2 Construction of CDF office	-	-	-	-		-
12.2 Drilling of water at CDF office	-	2,273,784	1,500,000	3,773,784	-	3,773,784
12.2 Renovation of CDF office	-	195,462	-	195,462	43,040	152,422
12.3 Purchase of furniture and equipment	-	136,005	-	136,005	-	136,005
<b>Sub-total</b>	<b>-</b>	<b>2,605,250</b>	<b>1,500,000</b>	<b>4,105,250</b>	<b>43,040</b>	<b>4,062,210</b>
13.0 Digital Hubs						
The Huduma Jitume Digital Centre-Marachi West Assistant County Commissioner Office	2,000,000	-	-	2,000,000	-	2,000,000
The Huduma Jitume Digital Centre-Butula	14,501,362	-	-	14,501,362	-	14,501,362
13.2 Innovation Hub	-	2,235,270	-	2,235,270	-	2,235,270
<b>Sub-total</b>	<b>16,501,362</b>	<b>2,235,270</b>	<b>-</b>	<b>18,736,632</b>	<b>-</b>	<b>18,736,632</b>

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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
<b>14.0 Others</b>						
Butula Law Court	11,226,824	-	-	11,226,824	-	11,226,824
NG-CDF Strategic Plan	-	224,793	-	224,793	-	224,793
<b>Sub-total</b>	<b>11,226,824</b>	<b>224,793</b>	<b>-</b>	<b>11,451,617</b>	<b>-</b>	<b>11,451,617</b>
Funds pending approval**						
unapproved projects						
Enekaywa Primary School	1,000,000	-	-	1,000,000	-	1,000,000
Bukhuma Secondary School	1,000,000	-	-	1,000,000	-	1,000,000
PMC BAL	-	2,126,227	-	2,126,227	-	2,126,227
AiA	-	181,000	-	181,000	-	181,000
<b>Sub-total</b>	<b>2,000,000</b>	<b>2,307,227</b>	<b>-</b>	<b>4,307,227</b>	<b>-</b>	<b>4,307,227</b>
<b>Total</b>	<b>188,414,052</b>	<b>113,876,931</b>	<b>56,785,593</b>	<b>359,076,576</b>	<b>216,290,217</b>	<b>142,786,359</b>

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

## **7. 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 Butula Constituency principal activity is Butula.

### **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 Butula 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 Butula has recognized all financial assets, including cash and cash equivalents held in the operational account, deposit account, and PMC bank accounts; receivables (amounts due from the Board and other parties); prepayments; property, plant, and equipment (PPE); and intangible assets acquired during the financial year 2023/2024 up to the reporting date. Liabilities recognized include trade and other payables, third-party deposits, and gratuity provisions.

The recognition of all other non-financial assets acquired prior to the 2023/2024 financial year will be undertaken in the third year of the transition period, after the necessary identification and valuation processes have been completed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NG-CDF. The financial statements have been prepared in accordance with the PFM Act, the NGCDF Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

*(When an IPSAS becomes effective on 1<sup>st</sup> January 2025, it is applicable in Kenya from 1<sup>st</sup> July 2025)*

- 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.*

<b>Standard</b>	<b>Effective date and impact:</b>
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. Not applicable
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. Not applicable

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<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be 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>
<p>IPSAS 46: Measurement</p>	<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>Not applicable</p>
<p>IPSAS 47: Revenue</p>	<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 that an</p>

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	<p>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>Not applicable</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>Not applicable</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>Not applicable</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in 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> </ul> <p><b><i>Not applicable</i></b></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 15 June 2024 for the period 1<sup>st</sup> July 2024 to 30<sup>th</sup> June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

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

**c) Property, plant and equipment**

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

**d) Leases**

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

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

**e) Intangible assets**

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

**f) Financial instruments**

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

**a) Financial assets**

**Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

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

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

### **Trade and other receivables**

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

### **Fair value through surplus or deficit**

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

### **Impairment**

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

## **b) Financial liabilities**

### **Classification**

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

### **g) Inventories**

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

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

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

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

#### **h) Provisions**

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

#### **i) Social Benefits**

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

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

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

#### **k) Contingent assets**

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

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

## **l) Employee benefits**

### **Retirement benefit plans**

The *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. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

### **m) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are 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	2024/2025 FY
	Kshs
NGCDFB Transfers (Allocation for the FY)	188,414,052
<b>Total</b>	188,414,052

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

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

**8. Finance income**

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

*(Provide a brief explanation for this revenue)*

**9. Miscellaneous income**

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

**10. Employees cost**

	<i>2024/2025 FY</i>
	<b>Kshs</b>
NG-CDFC Basic staff salaries	3,010,028
Personal allowances paid as part of salary	-
House Allowance	480,000
Transport Allowance	384,000
Leave allowance	-
Gratuity to contractual employees	830,077
Employer Contributions Compulsory national social security schemes	211,336
Employer Contributions Compulsory Housing levy	53,130
Employer contributions to National Industrial Training Authority	-
Other Specify	288,000
<b>Total</b>	<b>5,256,571</b>

**11. Committee Expenses**

	<i>2024/2025 FY</i>
	<b>Kshs</b>
Sitting allowance	1,029,000
Other Committee expenses	1,906,250
<b>Total</b>	<b>2,935,250</b>

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**12. Use of Goods and services**

	<i>2024/2025 FY</i>
	<b>Kshs</b>
Utilities, supplies and services	55,209
Communication, supplies and services	503,003
Domestic travel and subsistence	2,303,010
Printing, advertising and information supplies & services	501,865
Office Rent	-
Training expenses	1,699,660
Hospitality supplies and services	422,676
Insurance costs	119,074
Specialized materials and services	-
Office and general supplies and services	1,314,822
Fuel, oil & lubricants	1,229,020
Bank charges	35,000
Routine maintenance – vehicles and other transport equipment	940,677
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	142,025
<b>Total</b>	<b>9,266,041</b>

**13. Other Government Units Actual expenditure**

<b>Description</b>	<i>2024/2025 FY</i>
	<b>Kshs</b>
Primary Schools Actual expenditure	52,885,405
Secondary Schools Actual expenditure	37,954,476
Tertiary Institutions Actual expenditure	42,419,383
<b>Total</b>	<b>133,259,264</b>

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

	<i>2024/2025 FY</i>
	<b>Kshs</b>
Bursary – secondary schools	28,791,000
Bursary – tertiary institutions	23,771,500
Bursary – special schools	1,828,000
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	6,981,130
Climate change mitigation projects	-
Emergency projects Actual expenditure	9,896,848
Roads projects Actual expenditure	-
Others specify	-
<b>Total</b>	<b>71,268,478</b>

**15. Depreciation and Amortization Expenses**

Description	<i>2024/2025 FY</i>
	<b>Kshs</b>
Property Plant and Equipment	352,000
Intangible Assets	-
<b>Total</b>	<b>352,000</b>

**16. Acquisition Of Assets**

Description	<i>2024/2025 FY</i>
	<b>Kshs</b>
Motor Vehicles (including motorbikes)	-
Purchase of furniture and fittings	-
Construction of CDF office	-
Drilling of water at CDF office	-
Renovation of CDF office	43,040
Purchase of furniture and equipment	-
Motor Vehicles (including motorbikes)	-
<b>Total</b>	<b>43,040</b>

**16a. Digital Hubs Expenses**

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

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

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

*(Provide brief explanation on gains on sale of fixed assets)*

**18. Impairment Loss**

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

*(Provide brief explanation on assets impairment loss)*

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**19. Cash and Cash Equivalents**

Name Of Bank and Account No.	2024/2025 FY	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Bank Accounts (Cash Book Bank Balance)</b>		
<i>National Bank Of Kenya, Account No.01021037115600 (Operations account)</i>	71,711,699	81,389,947
<i>Operations account pending closure (Indicate name &amp; account no.)</i>	-	-
<i>Equity bank, account No 0780284775986 (Deposit account)</i>	5	1,860,710
<i>Name of Bank, account No. (PMC accounts)</i>	64,074,655	30,626,274
<b>Total</b>	<b>135,786,359</b>	<b>113,876,931</b>
<b>Cash Balances</b>		
Location 1	-	-
Location 2	-	-
Other Locations ( <i>Specify</i> )	-	-
<b>Total</b>	-	-
<i>[Provide Cash Count Certificates for Each]</i>		

*(Provide a schedule of all reconciled PMC bank balances as at the end of the period)*

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**20. Receivables from Exchange Transactions**

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

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

**i. Ageing Analysis for Receivables**

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

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

Description	2024/2025 FY		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	7,000,000		56,785,593	
Outstanding imprest	-		-	
<b>Total</b>	<b>7,000,000</b>		<b>56,785,593</b>	
<b>Ageing Analysis- Receivables from non-exchange transactions</b>	<b>2024/2025 FY</b>	<b>% of the total</b>	<b>Opening Balance</b>	<b>% of the total</b>
Less than 1 year	7,000,000	100%	56,785,593	100%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>7,000,000</b>	<b>100%</b>	<b>56,785,593</b>	<b>100%</b>

**22. Prepayments**

Description	2024/2025 FY		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Prepaid Rent	-		-	
Prepaid Insurance	60,521		-	
Prepaid Electricity Costs	-		-	
Other Prepayments ( <i>Specify</i> )	-		-	
<b>Total</b>	<b>60,521</b>		<b>-</b>	

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**23. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Work in progress	other Assets (specify)	Capital Work in progress	Total
<b>Depreciation Rate(specify)</b>		<b>2%</b>	<b>25%</b>	<b>20%</b>	<b>12.5%</b>	<b>30%</b>		<b>x%</b>		
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		<b>Kshs</b>	<b>Kshs</b>
Opening Bal as 1 <sup>st</sup> July 2024	-	-	-	2,200,000	-	-	2,000,000	-		4,200,000
Additions	-	-	-	-	-	-	-	-		-
Disposals	-	-	-	-	-	-	-	-		-
Transfer/Adjustments	-	-	-	-	-	-	-	-		-
As At 30 Sep/Dec/Mar/Jun 2025	-	-	-	2,200,000	-	-	2,000,000	-		4,200,000
Depreciation And Impairment	-	-	-							
Opening bal accumulated depreciation 1st July 2024	-	-	-	440,000	-	-	-	-		440,000
Depreciation	-	-	-	352,000	-	-	-	-		352,000
Disposals	-	-	-	-	-	-	-	-		-
Impairment	-	-	-	-	-	-	-	-		-
Transfer/Adjustment	-	-	-	-	-	-	-	-		-
As At 30 Sep/Dec/Mar/Jun 2025	-	-	-	792,000	-	-	-	-		792,000
Net Book Values		-	-		-	-	-	-		
Opening Bal as at 1 <sup>st</sup> July 2025	-	-	-	1,760,000	-	-	2,000,000	-		3,760,000
As At June 30 2025	-	-	-	1,408,000	-	-	2,000,000	-		3,408,000

### Valuation

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

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

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	2,200,000	440,000	1,760,000
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
<b>Total</b>	<b>2,200,000</b>	<b>440,000</b>	<b>1,760,000</b>

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

	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	2,200,000	440,000
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment, Furniture and Fittings	-	-
<b>Total</b>	<b>2,200,000</b>	<b>440,000</b>

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**24. Intangible Assets**

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

**25. Right-of use assets**

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>				
As At 1 July (Comparative period)	-	-	-	N/A
Additions	-	-	-	-
As At 30 June 2025 (Comparative Period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025 (2024/25)	-	-	-	-
<b>Accumulated Depreciation</b>				
As At 1 July 2025 (Comparative period)	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025(Comparative period))	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025(2024/25)	-	-	-	-
<b>Carrying Amount</b>				

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As At 30 June 2025 (2024/25)	-	-	-	-
As At 30 June 2024. (Comparative Period)	-	-	-	-

26. Trade and Other Payables

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

**27. Third-Party deposits**

	2024/2025 FY	2023/2024 FY
	KShs	Kshs
Retention as at 1 <sup>st</sup> July (A)	1,860,710	-
Retention held during the year (B)	9,890,867	1,860,710
Retention paid during the Year (C)	4,091,920	-
<b>Closing Retention as at 30<sup>th</sup> June D= A+B-C</b>	<b>7,659,657</b>	<b>1,860,710</b>

**Retentions aging analysis.**

	2024/2025 FY	% of the total	2023/2024 FY	% of the total
Less than 1 year	7,659,657	100%	1,860,710	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>7,659,657</b>	<b>-</b>	<b>1,860,710</b>	

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

**28. Lease Liabilities**

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

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**Maturity Analysis**

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

**Analysed as:**

Description	Amount
Current	-
Non- Current	-
Total	-

**29. Gratuity Provision**

Description	2024/2025 FY	2023/2024 FY
	Kshs	Kshs
Gratuity at the beginning of the year 1 <sup>st</sup> of July 2024	-	-
Gratuity held during the year	830,077	830,082
Gratuity paid during the year	830,076	830,082
<b>Total Gratuity Provision 30th June (A+B-C)</b>	<b>1</b>	<b>-</b>

### 30. Cash Generated from Operations

	2024/2025 FY
	Kshs
<b>Surplus/Deficit for the year</b>	<b>(33,966,591)</b>
<b>Adjusted for:</b>	
Depreciation	352,000
Impairment	-
Gains and losses on disposal of assets	-
	-
<b>Working capital adjustments</b>	-
Increase/decrease in receivables	(49,725,072)
Increase/decrease in payables	(5,798,948)
	-
<b>Net cash flow from operating activities</b>	<b>21,909,429</b>

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

### 31. Financial Risk Management

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

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**i) Credit risk**

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

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June (2024/2025 FY)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	7,000,000	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	<b>7,000,000</b>	-	-
<b>As at 30 June (2023/2024 FY)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	56,785,593	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	<b>56,785,593</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 recognised 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 BUTULA. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### **ii) Liquidity risk management**

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Trade payables	7,659,657	-	-	-
Current proportion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	-	-
<b>Total</b>	<b>7,659,657</b>	-	-	-
<b>As at 30<sup>th</sup> June (Previous FY)</b>				
Trade payables	1,860,710	-	-	-
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	-	-	-	-
<b>Total</b>	<b>1,860,710</b>	-	-	-

**iii) Market risk**

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

**a) Foreign currency risk**

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

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**2024/2025**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June (2024/2025 FY)</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Foreign currency sensitivity analysis**

**2024/2025 FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June (2024/2025 FY)</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

## Financial Risk Management

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

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

### b) Interest rate risk

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

#### Management of interest rate risk

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

#### Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one

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percentage point as a decrease/increase of Kshs (2024/2025 FY: Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (2024/2025 FY – Kshs)

**Fair value of financial assets and liabilities**

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

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

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

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

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June (Current FY)</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
<b>Total</b>	-	-	-	-

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<b>As at 30<sup>th</sup> June (Previous FY)</b>	-	-	-	-
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
<b>Total</b>	-	-	-	-

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

**iv) Capital Risk Management**

The objective of 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 2025
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
<b>Total Funds</b>	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash And Cash Equivalents)	-	-
<b>Gearing</b>	%	%

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**32. Related Party Disclosures**

	<i>2024/2025 FY</i>	<i>Opening Statement 1<sup>st</sup> July 2024</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>Committee Members Remuneration</b>		
Sitting allowance of committee Members during the year	1,029,000	1,461,250
<b>Transaction with the NGCDF Board</b>		
Transfers from the NGCDF Board during the year	238,199,645	207,187,217
<b>Total</b>	<b>239,236,945</b>	<b>208,648,467</b>

**33. Segment Information**

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

**34. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

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

*(Give details)*

### **Contingent Liabilities**

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

### **35. Capital Commitments**

Capital Commitments	2024/2025 FY	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
<b>Total</b>	-	-

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

### **36. Events after the Reporting Period**

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

### **37. Ultimate And Holding Entity**

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

### **38. Currency**

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

**18. Annexes**

**Annex 1: Summary of Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs)</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) At Year End</b>
Land	250,000	-	-	250,000
Buildings and structures	9,540,554	-	-	9,540,554
Transport equipment	29,070,520	-	-	29,070,520
Office equipment, furniture and fittings	1,336,383	-	-	1,336,383
ICT Equipment, Software and Other ICT Assets	1,698,129	-	-	1,698,129
Other Machinery and Equipment	-	-	-	-
Intangible assets	-	-	-	-
<b>Total</b>	<b>42,395,586</b>	<b>-</b>	<b>-</b>	<b>42,395,586</b>

*(Attach the complete asset register showing all the assets in the constituency with the date of purchase, cost of the asset, depreciation rate, depreciation for the year, accumulated depreciation and the NBV of the assets)*

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

<b>Pmc</b>	<b>Bank</b>	<b>Account Number</b>	<b>Bank Balance 2023/2024 Fy</b>	<b>Bank Balance 2024/2025 Fy</b>
Ack All Saints Simuli Secondary	Equity Bank-Busia	2010285353617	3,948,610	574,654
Ack Siololo Primary School Pmc	Equity	010286119068	500	11,450
Benga TTI	Equity Bank-Busia	0780278975310	4,885,198	6,788,593
Buduma Ack Primary Pmc	Equity	2010285498322	-	38,193
Buhuyi Pri School	Equity	2010285440855	223,737	1,827
Buhuyi Sec School	NBK-Busia	1022036617901	365,518	365,518
Bujumba Boys Sec School	NBK-Busia	1242036500601	624,583	9,340
Bukhalalire Boys High Sch Cdf Ac	NBK	7717285193	-	6,811,873
Bukhuma Primary Sch Pmc	Equity	2010285515653	500	34,191
Bukwaku Pry Pmc	Equity	2010285536391	500	101,569
Bumala A.C Primary School Cdf	NBK	1242076621900	-	106,207
Bumala Rc Primary School	NBK-Busia	1022262373800	20,986	74,532
Bumutiru RC Primary School	NBK-Busia	1022239305400		88,640
Burinda Chiefs Camp	NBK-Busia	1060221767400	1,179,552	2,579,192
Burinda Primary School	Equity Bank-Busia	780281406375	603,800	3,247,561
Busiada Girls Sec School	K.C. B	1119914752	1,641	4,001,641
Busibula Primary Sch -Cdf	NBK	1022263267200	10,175	57,085
Busire Primary School	NBK-Busia	7716954555	49,275	7,017,201
Butula Boys Pri School Pmc	NBK-Busia		-	91,430
Butula Nc-Cdf Office Project	NBK-Busia	1071211914100	2,273,783	2,316,103
Butula TVET NGCDF PMC	NBK-Busia	1522222854400	72,369	6,229,263
Dadira Primary School	NBK-Busia	7716798871	2,689,975	12,493
Elunyiko Primary Sch Pmc	Equity	2010285700921	-	12,836
Esibembe Primary School	Equity Bank-Busia	0780281199237	650	200,650
Esibina Primary School	NBK-Busia	1022260811300	154,266	267,348
Esikoma Chiefs Camp Pmc	Equity	2010285523439	1,000	1,465,124
Kalalani Primary Sch Pmc	Equity	2010285940091	-	89,000

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<b>Pmc</b>	<b>Bank</b>	<b>Account Number</b>	<b>Bank Balance 2023/2024 Fy</b>	<b>Bank Balance 2024/2025 Fy</b>
Kingandole Primary School	Equity	2010285942217		59,000
Kmtc Butula Campus	NBK-Busia	1022226003300	898,156.99	1,290,922
Lugulu Ac Sec School	NBK-Busia	7716816624	9,001,025	12,363,445
Madola Primary School Pmc	Equity	2010285959519	-	95,012
Makwara Primary School	NBK-Busia	1022261224100	54,995	336,044
Malambisia Chief Pmc	Equity	2010285535789	-	382,821
Mungabo Primary Sch Pmc	Equity	2010285499527	-	167,199
Musibiriri Sec School	NBK-Busia	1022263446400	2,393,846	195,596
Namwitsula Sec School	Sidian Bank-Busia	1032030000195	3,751	6,400
Nango Primary School Pmc	Equity	2010285985649	-	50,451
Neela Primary School	Equity		-	400,000
Nyalwanda Pry Sch Pmc	Equity	2010285933125	-	5,000
Saka Pry School	Equity	0780281294528	58,660	357,562
Shibale Police Post Pmc	Equity	2010285523590	-	3,000,000
Sikarira Pry Pmc	Equity	2010285578903	500	268,598
Sikura Primary School	NBK-Busia	1022240960600	20,270	105,281
St. Augustine's Boys Boarding.	Equity	2010285981634	-	407,329
St. Mary's Siribo Mixed Secondary S	NBK-Busia	7716633759	129,950	218,105
St. Monica Butunyi Sec School	Equity	2010285914899	-	1,500,000
St. John Utatu Primary School	NBK-Busia	1022225213201	90,123	90,123
St. Michael Buduma Ack Girls-Cdf	NBK-Busia	1022018009900	804,579	55,502
Tingolo Primary School Pmc	NBK-Busia	1022237185000	43,010	105,961
<b>TOTAL</b>			<b>30,605,484</b>	<b>64,053,865</b>

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

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

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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)
1	<p><b>Unsupported retention balance</b>                      The statement of receipts and payments reflects surplus /deficit of 41613596 and 9626194 which differs from 81369947 and ksh 39776352 in the statement of assets and liabilities resulting to unexplained variance of 39776352 and 3015015800respectively</p> <p>The statement of assets and liabilities reflects prior year adjustment of ks41,613,595 and 9,626,195 for the current year and previous years while note 16 to the financial statements reflects nil balances for both years respectively resulting to unexplained variance of 41613595 and 9626195 respectively</p>	<p>The retention was for various projects whose moiety was provided and credited to the NGCDF deposit account. The project files and certificates from MOPW are available.</p>	Not resolved	31 <sup>st</sup> dec 2025
2	<p><b>Lacks of transparency in disbursement of bursary funds</b>                      The statement of receipts and payments reflects other grants and transfers of kshs 70,837,708 as disclosed in note 8 it includes payment of bursary to tertiary institutions of kshs 29489000. However, audit review of the payment schedule reveled that that a total of 9050000 or</p>	<p>The general public is informed of open bursary applications. Then the bursary applicants are vetted by the subcommittee, list of successful applicants is availed for verification together with vetting minutes for approval and reasons for unsuccessful applications and</p>	Not resolved	31 <sup>st</sup> dec 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	31% of bursary awards was made to students of Masinde Muliro University leaving the resultant 69% to be shared by students in other tertiary instructions this was contrary to sec 24b of NGCDF Act which states that the projects should be community based in order to ensure that the benefits are spread across all the citizens of a particular area	acknowledgements receipts from the institutions		



Name: Jepletting Mary  
 Fund Account Manager.