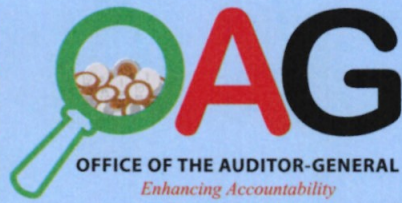


REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL
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REPORT

OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND-CHEPALUNGU
CONSTITUENCY**

FOR THE YEAR ENDED

30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 17 FEB 2026

DAY:
TUESDAY

TABLED
BY:

DEPUTY MAJORITY
LEADER

CLERK-AT
TABLE:

FINLAY



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

CHEPALUNGU CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025

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

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

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Constituency Information and Management

(a) Background information

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

Mandate

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

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

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- l) Provide a platform for citizens' participation in service delivery;
- m) Build local accountability and transparency in the use of resources; and
- n) Provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201(b)(iii) of the Constitution.

Vision

Equitable Socio-economic development countrywide.

Mission

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

Core Values

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

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Functions of NG-CDF Committee

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

(b) Key Management

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

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

Fiduciary Management

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

No	Designation	Name
1.	AIE holder	Felix Ntutu
2.	National Sub-County Accountant	Kiprono Soi
3.	Chairman NGCDFC	Bett Nicholas
4.	Member NGCDFC	N/A
5.	Member NG CDFC	Chepngetich Lily

(c) Fiduciary Oversight Arrangements

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

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(d) NGCDF Chepalungu Constituency Headquarters

P.O. Box 56
Sigor Building
Bomet-Kaplong Road/Highway
Bomet, KENYA.

(e) NGCDF Chepalungu Constituency Contacts

P.O. Box 56
Telephone: (254) 722 774 506
E-mail: cdfchepalungu@ngcdf.go.ke.
Website: www.chepalungu.go.ke

(f) NGCDF Chepalungu Constituency Bankers

1. (Operations Account).
Access Bank
Account Number: 0170100000072
Bomet Branch
Sigor House
P. O Box 476-20400
Bomet
2. Deposit Account
Diamond Trust Bank.
Account NO. 0424326002
Bomet Branch
P.O. Box 61711-00200 Nairobi
3. Access Bank - Bomet Branch
Kenya Commercial Bank - Bomet Branch
Equity Bank - Bomet Branch
Family Bank - Bomet Branch
Diamond Trust Bank

(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





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3. NGCDF Committee

(provide details for all the NG CDFC members in the format below)

Name	Details
 <p>Bett Nicholas Chairperson</p>	<ul style="list-style-type: none"> • 1st July 1988 - Year of Birth • Diploma in Bio Chemistry – the Kenya Polytechnic University College • Longisa Boys High School – Lab Technician 2 years • Bomet Book Centre – Sales representatives – 5 years
 <p>Mike Koskei Member</p>	<ul style="list-style-type: none"> • 1986 7th June - Year of Birth • Diploma in Accountancy- Eldoret national polytechnic • Bomet Water- Commercial Officer – 4 years • Bomet county – Accountant 5 years
 <p>Norah Chepngetich Mutai Member</p>	<ul style="list-style-type: none"> • 23rd January 1983 - Year of Birth • Diploma in Early Childhood Education – Kabianga university - 2004 • Tilangok Primary School - 6 Years • Area Administrator - 2 Years
 <p>Chepngetich Lily Secretary</p>	<ul style="list-style-type: none"> • 2nd June 1992 -Year of Birth • Business Lady/Farmer 6 Years • Diploma in Applied Biology – AIRADS- Eldoret

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 <p>Cheruiyot Ronoh David Member</p>	<ul style="list-style-type: none"> • 1st July 1996- Year of Birth • KCSE- Kipsuter High School • Businessman- 10 years to date
 <p>Ngeno Kipngetich Member</p>	<ul style="list-style-type: none"> • 1st January 1992- Year of Birth • Private surveyor 10 Years • Diploma in land survey - Eldoret Polytechnic
 <p>Rose Boiyon Member</p>	<ul style="list-style-type: none"> • 1st July 1974- Year of Birth • Member of County Assembly - 2013-2017 (5 years) • KCSE – Kipsuter Secondary 1993 • Siongiroi ECDE- Teacher - 1997-2006
 <p>Ruto Kipngetich Aloice Member</p>	<ul style="list-style-type: none"> • 8th November 1981- Year of Birth • Business Man/Farmer • Certificates in Animal Health – Mount Kenya University
 <p>Felix Ntutu Fund Account Manager</p>	<ul style="list-style-type: none"> • 27th September, 1987- Year of Birth • PhD. in Project Planning – University of Nairobi – Ongoing. • Master's in Business Administration – University of Nairobi • Bachelor in commerce (Finance Option)- University of Nairobi. • Fund Account Manager- NGCDF Chepalungu Constituency- 13 years- to-date.

4. NG-CDFC Chairman's Report



Bett Nicholas
NGCDF Chairman

On behalf of Chepalungu NG-CDF Committee and staff, I am profoundly glad in presenting the FY 2024/2025 annual report and financial statements for the fund. Chepalungu NG-CDF committee continued to discharge its core mandate in prudent, transparent and accountable management of the fund, considering projects proposal as proposed by the residents of Chepalungu constituency and ensure that all approved projects meet the requirements of sec 24 of the Act, Capacity building of the project management committees (PMCS), monitoring and evaluation of the funded projects. As per the provisions of the NGCDF Act 2015 (as amended in 2016), this was achieved mainly through timely disbursement of received funds to the project management committees (PMC), projects monitoring and regular NGCDF committee meetings.

Chepalungu NG-CDF committee registered exemplary performance in the year under review as demonstrated by implementation of projects, programmes and activities in the sectors of Education, security, sports and environment which fall within the mandate of the Fund established by the NGCDF Act 2015 (as amended in 2016).

The Fund augmented the national government's infrastructure development in education sector through construction, completion, renovation and equipping of schools.

In detail, Chepalungu NG-CDF has been able to achieve the following during the financial year:

A total of 36 classrooms, 2 dormitories, 2 laboratories, 3 administration blocks, and 13 pit latrines with 20 catering for PWDs, were constructed and or renovated through the allocation to the fund.

The fund's contribution towards education infrastructure across the constituency supported the 100% government transition policy.

In addition, the fund supported retention of students in secondary and tertiary institutions through issuance of bursary. A total of Ksh. 86,655,353.5 was awarded as bursary to needy students in the constituency. Chepalungu NG-CDF committee has developed bursary award criteria to ensure only the needy students are awarded bursary with the help of bursary sub-committee.

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A). Budget Performance

In the financial year 2024/2025 Chepalungu NG-CDF budget performance against actual amounts for current year based on economic classification and programmes, was derailed by untimely and unpredictable disbursement of funds to the constituency by the NG-CDF Board.

In the financial year ended June 30th, 2025, Chepalungu NG-CDF had a cumulative approved budget of **Kes 179,441,954** out of which **Kes 172,573,884** was received from the NG-CDF Board while a balance of **Kes 69,283,100** is yet to be received.

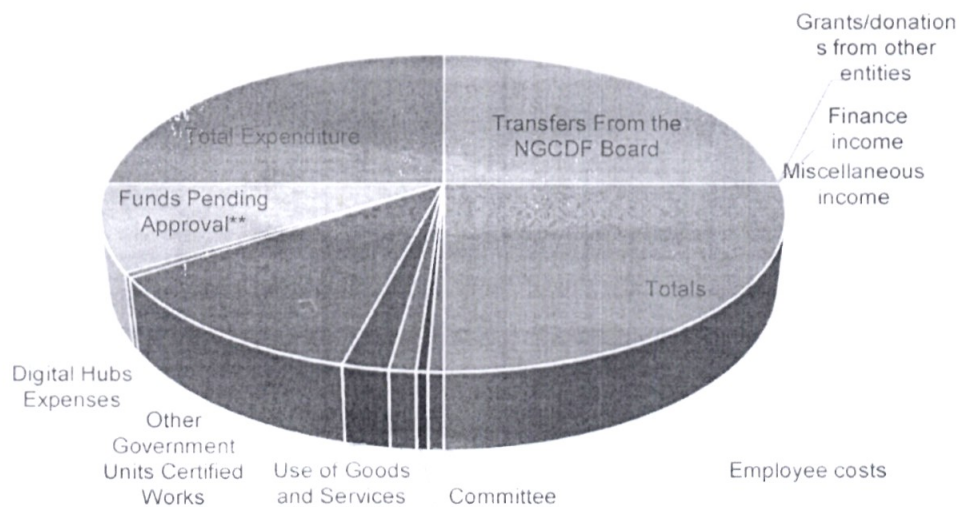
NG-CDF Chepalungu disbursed the received funds as follows:

Kes 71,249,518 was disbursed to various schools and other government agencies for implementation of the approved projects, Kes 86,655,353.5 was issued as bursaries to needy students in the constituency, Kes 9,526,900 used in payment of NG-CDF committee allowances, monitoring, evaluation, use of goods and services and other administration expenses, Kes 5,166,611 was used in payment of NG-CDF staff salaries, Kes 1,200,000 was used to fund emergency occurrences in the constituency.

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	Original Budget
	Kshs
	a
	<i>FY 2024-2025</i>
Revenue	
Transfers From the NGCDF Board	179,441,954
Grants/donations from other entities	-
Finance income	-
Miscellaneous income	-
Totals	179,441,954
Expenses	
Employee costs	4,396,205
Committee expenses	3,333,000
Use of Goods and Services	7,570,582
Other Government Units Certified Works	13,300,000
Other Grants and Transfers	83,890,815
Digital Hubs Expenses	3,800,000
Funds Pending Approval**	63,151,352
Total Expenditure	179,441,955

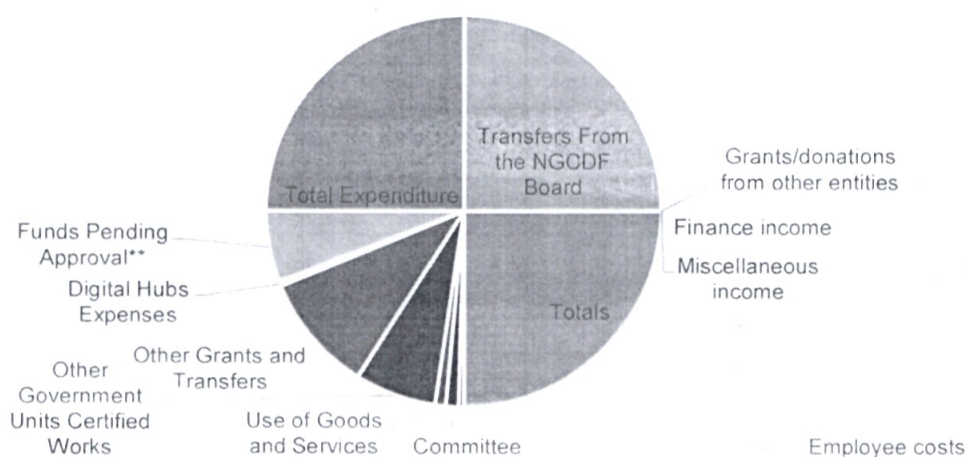
Original Budget FY 2024-2025



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	Original Budget	Final Budget	Actual on comparable basis
	Kshs	Kshs	Kshs
	a	C=(a+b)	d
	<i>FY 2024-2025</i>	<i>FY 2024-2025</i>	<i>FY 2024-2025</i>
Revenue			
Transfers From the NGCDF Board	179,441,954	268,103,576	172,573,884
Grants/donations from other entities	-	-	-
Finance income	-	-	-
Miscellaneous income	-	-	-
Totals	179,441,954	268,103,576	191,952,406
Expenses			
Employee costs	4,396,205	4,468,823	4,149,336
Committee expenses	3,333,000	11,419,607	9,526,900
Use of Goods and Services	7,570,582	9,041,854	7,373,712
Other Government Units Certified Works	13,300,000	71,249,518	46,606,952
Other Grants and Transfers	83,890,815	104,972,422	88,605,354
Digital Hubs Expenses	3,800,000	3,800,000	-
Funds Pending Approval**	63,151,352	63,151,352	-
Total Expenditure	179,441,955	268,103,577	155,662,253

Final Budget Kshs FY 2024-2025





The above image is a project of 3No. classrooms carried out in the financial year 2023/2024 at Kaplewa Primary School

B). Emerging issues related to NG-CDF in Chepalungu Constituency are:

- ❖ Education, Security, Sports, Environment, Water and Roads sectors almost entirely depend on NG-CDF on infrastructure development.
- ❖ Prioritization of projects to fund is becoming more difficult due to the numerous high impacts and deserving projects being proposed by the residents.
- ❖ Increase in population is piling pressure on NG-CDF to allocate more funds to various development infrastructures to cater for the residents.
- ❖ There's a growing Need to compete with the county government in infrastructure development to justify the long existence of NG-CDF.

C). NG-CDF Implementation challenges in Chepalungu Constituency are:

- ❖ Overdependence of the fund by the public and National Government functions on all development related needs.
(To overcome this, Chepalungu NG-CDF Committee employs public participation at the ward level in identification of priority projects for funding and bursary beneficiaries within the constituency).

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- ❖ Funds disbursement from the board is untimely and unpredictable leading to delays in execution of budgets occasioning unnecessary budgetary adjustments and delays in the implementation of approved projects.

(Chepalungu NG-CDF committee continues to work with the board to facilitate timely disbursement of funds and will endeavor to disburse funds to the project management committees (PMC`s) as soon as it receives).

- ❖ Many projects are allocated funds- leading to projects receiving insufficient funds
(To overcome this challenge, Chepalungu NG-CDF is focusing on allocating enough funds to complete the project within at most 2 years).

Moving forward Chepalungu NG-CDF Committee remain steadfast in delivering on our mandate of transforming lives (Maendeleo Kwa Wote) thus creating a better society for all.



.....

Bett Nicholas
CHAIRMAN NGCDF COMMITTEE

**National Government Constituencies Development Fund (NGCDF)
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5. Statement Of Performance Against Predetermined Objectives for FY2024/25

Introduction

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

The key development objectives of the **NGCDF Chepalungu Constituency 2024-2025** plan is to:

1. Increase the number of classes in the constituency to comfortably have 80% of the students in the constituency accommodated.
2. Improve on security infrastructure to curb crime in the constituency.
3. Increase tertiary institutions in the constituency to allow the growth and learning of alternative skills.
4. Empower constituents to afford 100% transition from primary to secondary schools through bursary funding
5. To improve the environment by planting more trees and also increasing more water harvesting solutions.

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 .The constituency put in place funds towards <ul style="list-style-type: none"> • 4 laboratories constructed in secondary school • -Constructed a total of 16 new classrooms in 13 schools • Constructed a total of 18 doors toilets in Kipturgut Primary and Mariango Primary School, Olesoi Primary School, Sigor Day Primary School, among many other • Completion of 2 Laboratory in Kerundut Secondary School and Mugeny Secondary school • - Bursary to a total of Kshs 86,655,353.50 to 13,682 beneficiaries at all levels.
Security	-To improve access to security services	-Improved service delivery to wananchi	-To improve access to security services	- Additional funds were allocated for construction of 3 chief's office

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Sector	Objective	Outcome	Indicator	Performance
Climate change mitigation activities	-To increase forest cover and clean trading centres	-Reduced erosion and flood control -clean environment to for constituents	-purchase and plantation of seedlings -purchase of desks -Repair and installation of water catchment tanks	<ul style="list-style-type: none"> Planted total of 60,000 tree seedlings in 30 schools within the constituency. Ensured all projects have a component of planting trees and installation of water tank with three hand washing points.
Emergency	To Mitigate on unexpected occurrences that affects the welfare of constituents within the national government facilities	Availing of Funds to mitigate on the negative effects occasioned by unexpected occurrences	Support the reconstruction of damaged National Government Projects Provide Funds for the provision of urgently needed facilities in National Government Facilities	Allocated funds towards the reconstruction of ablution blocks in Kagawet and Saramek Primary Schools
Sports	To harness talent and empower youth	Active participation of youth in sports and advocacy activities	Number of sporting field rehabilitated	Field grading and pitch enhancement
Intituitional strengthening	To promote performance of management and smooth running of NGCDF operations	<ul style="list-style-type: none"> Quality of work from motivated staff Effective and active NGCDF Committee and harmonized governance body Reflective and dynamic committee and staff able to adjust to changing operational circumstances. 	<ul style="list-style-type: none"> Work plans, reports, accountabilities, Board minutes, resolutions, evaluation report 	<ul style="list-style-type: none"> 13 staff employed and well enumerated. File of all management resolutions well kept. All reports due to the board submitted within the given timelines. Developed work plans and submitted to the board
Tracking of results	To improve on tracking of implementation of NGCDF	1. Strengths and Weaknesses in project implementatio	2. Reports, Success and case stories Audit report, Financial report	3. Quarterly and annual reports submitted with the timelines Audit reports responded to and advice on the same adhered to.

National Government Constituencies Development Fund (NGCDF)
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Sector	Objective	Outcome	Indicator	Performance
	projects	n identified and addressed Audit report, enhance and improved standards in financial management		

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6. Governance Statement

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

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

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

The current NGCDFC members were gazetted in 2nd November 2022 and the first meeting was held in 5th December 2022 at Chepalungu NG- CDF Board room.

a. NG-CDFC Tenure

The term of office of the members of the Constituency Committee shall be two years and shall be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act, or as may be approved by the Board.

b. The Role of the Constituency Committee

Develop project proposals in consultation with Wananchi through public participations, submit the proposals to the NG-CDF Board for approval

Facilitate the PMCs in the planning, implementation and sustenance of projects once completed at the constituency.

c. Removal of a member

A member of the Constituency Committee may be removed from office on any one or more of the following grounds;

- (a) lack of integrity;
- (b) gross misconduct;
- (c) embezzlement of public funds;
- (d) bringing the committee into disrepute through unbecoming personal public conduct;
- (e) promoting unethical practices;
- (f) causing disharmony within the committee;
- (g) physical or mental infirmity.

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A decision to remove a member shall be made through a resolution of at least five members of the Committee and the member sought to be removed shall be given a fair hearing before the resolution is made. A vacancy arising as a result of the removal of a member under subsection shall be filled in the manner set out in the Act and minutes of the meeting shall indicate the fact of the removal or appointment of a member.

d. NG-CDFC Induction and training

Chepalungu NG-CDF Board room on 19th December 2022

NGCDFC meetings held and remuneration

NGCDFC Members are allowed by law to hold minimum of 6 meetings and maximum of 24 including subcommittee meetings during the year. The act allows chairman to be paid Kshs 7,000 while other members are paid Kshs 5,000. Members are paid Kshs 5,000. The following are members of the committee and schedule of meetings held

Name	Gender	Designation
Bett Nicholas	M	Chairman
Chepngetich Lily	F	Secretary
Kosgei Mike Kibet	M	Member
Kipngetich Ngeno	M	Member
Rose Cheron Boiyon	F	Member
Hezron Koech	M	Member
Cheruiyot Ronoh David	M	Member
Chepngetich Norah Mutai	F	Member
Aloice Rutto	M	Co-Opted Member

MEETINGS

NAME	03.07 .24	18.8. 24	25.09. 24	13.10. 24	2.11.2 4	06.12 .25	11.01.2 5	29.01.2 5	09.0 4.25	14.05. 25	28.06. 25
Bett Nicholas - Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chepngetich Lily- Secretary	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kosgei Mike Kibet- Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kipngetich Ngeno - Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rose Cheron Boiyon- Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hezron Koech- Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cheruiyot Ronoh David- Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chepngetich Norah Mutai-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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Member												
Aloice Rutto- Co- Opted	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Felix Ntutu- Fam	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

e. Disclose the policy on conflict of interest

The Members are required to declare any conflict during meetings, which whenever declared, would be recorded in the minutes and in the register.

f. Succession plan

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

g. Ethics and code of conduct

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

h. Risk Management

When the CDFC members were being inducted they were taken through the risk management issues that will enable them manage risks at the constituency level. Risk management is an integral part of good governance and best management practice at a constituency.

The CDFCs were informed that the risk policy affirms the CDF commitment of building a risk culture that encourages intentional and pro-active risk management in a manner that commensurate with the NGCDF strategies.

Some of the risks and management are:

- i. Mismanagement of project funds: - CDFC must ensure proper management of funds by forming five-member committee to manage funds in a particular project. These members must know any payment being made and approved by the Fund manager
- ii. Absenteeism from CDFC meetings by Committee members: - Fund manager must always ensure that every meeting an attendance sheet is signed by all committee members present that will be used during payment of allowances.
- iii. Conflict of interest: - There should be no conflict of interest for proper performance of the NGCDF.

*National Government Constituencies Development Fund (NGCDF)
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7. Management Discussion and Analysis

The primary function of the NG-CDF funds is to facilitate grass root development and reduce poverty by allocating funds to projects identified by the community from each ward. For the past 5 financial years NG-CDF Chepalungu has received a total of **Ksh. 766,349,247** from the board.

I. Operational Performance

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

The fund has been instrumental in

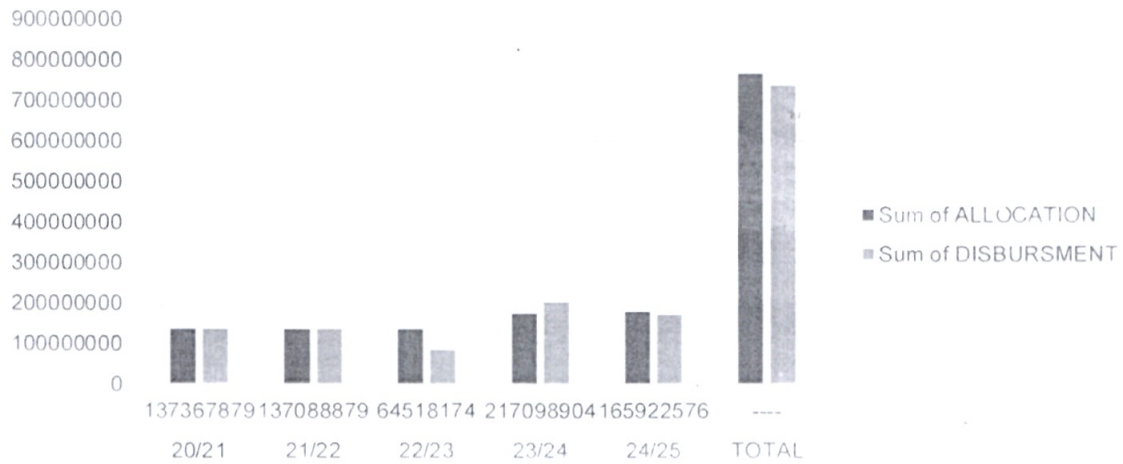
- a. Education: Funding schools, classrooms and bursaries
- b. Security: Constructing National Government Administration offices, chief's/assistant chief's offices and police offices.
- c. Infrastructure Development: Supporting various infrastructural projects.
- d. Climate Change Mitigation: Enhancing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

The major operations of the Fund have been on bursaries for needy students both in secondary and tertiary institutions, primary and secondary schools' infrastructure that is classes and washrooms, climate change and social security just to mention a few.

The table below shows funding for the past 5 financial years. From these we can deduce that the funding has been increasing annually. This has hence improved the learning conditions of students and improved school infrastructure supporting the free primary education and the 100% transition from primary to secondary school.

Financial Year	Allocation	Disbursement	Expenditure
24/25	179,441,954	172,573,884.31	156,679,528
23/24	175,361,810	203,088,375	217,098,904
22/23	137,088,879	87,447,000	64,518,174
21/22	137,088,879	137,088,879	137,088,879
20/21	137,367,879	137,367,879	137,367,879
TOTAL	766,349,247	737,566,017.31	---

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



II. Key Projects

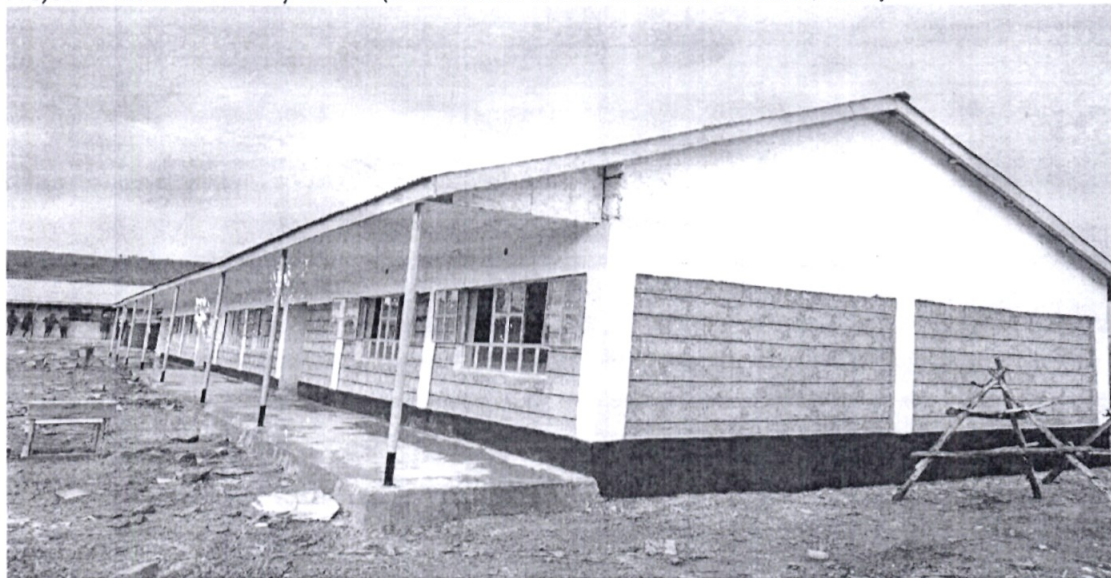
S.No	Project Name	Activity	Budget	Status	Completion (%)
1	Ndamichonik primary school	Construction of 1 storey building comprises of 6 classrooms to completion	10,200,000	Ongoing	25%
2	Siongiroi primary school	Construction of 1 storey building comprises of 6 classrooms to completion	10,200,000	Ongoing	25%
3	Kapkesosio primary school	Construction of 1 storey building comprises of 6 classrooms to completion	10,200,000	Ongoing	25%
4	Lelaitich primary school	Construction of 1 storey building comprises of 6 classrooms to completion	10,200,000	Ongoing	25%
5	Kamongil primary school	Construction of 1 storey building comprises of 6 classrooms to completion	10,200,000	Ongoing	25%

KEY ACHIEVEMENTS

The following are some of the key projects that have been undertaken.
PHOTOS EXPLAIN IMPACT SOCIETY



Project 1: Kiboson Primary School (construction of one classroom FY 2023/2024)



Project 2 Kaplewa Primary school (construction of 3 classrooms FY 2023/2024)



Project 3 Nogirwet Primary school (construction of 2 classrooms FY 2023/2024)

Some of the impact that the community has been impacted amongst:

- Improved community capacity and ownership
- Enhanced education outcomes due to increase in educational infrastructures.
- Better attendances of the learners
- Stronger school and community relationships – this foster a sense of belonging and pride among the residents
- Sustainable support- strong relationships built during construction ensure continued support, from maintainance and repair to ongoing advocacy for schools needs

III. Statutory Compliance

FY	KRA	NSSF	NHIF/SHA
24/25	30,540	303,840	117,000
23/24	30,540	303,840	117,000
22/23	30,540	303,840	117,000
21/22	30,540	303,840	168,480
20/21	30,540	303,840	168,480

IV. Risks

- a) Late disbursement of funds from the board
- b) Constitutional risk due to the legality of the NG-CDF funds.

V. Material arrears

- a) The constituency has no arrears on Tax matters.

VI. Future developments

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

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

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

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

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



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Felix Ntutu
Fund Account Manager

8. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

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

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

2. Environmental performance

During the financial year under review the NGCDF allocated funds towards planting of tree seedlings in various schools within the constituency.

The NGCDF has conducted various public forums to sensitize public on the impact of drugs and drug abuse, construction of chief's and assistant chiefs' offices and renovation of DCC offices.

The NGCDF did not organise sports activities, however through other engagement we supported and participated in Tournaments organised by local leaders within the constituency

3. Employee welfare

We invest in providing the best working environment for our employees. Chepalungu 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. Chepalungu constituency invests in capacity-building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross-cutting issues.

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

4. Marketplace practices

Chepalungu Constituency is committed to fair and ethical market practices.

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

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

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption.

- b) Good business practices, including cordial Supply chain and supplier relations, by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests.

5. Community Engagements-

Chepalungu 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

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

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

The NG-CDFC 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. Chepalungu Constituency has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



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Felix Ntutu
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- Chepalungu 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- Chepalungu 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- Chepalungu 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- Chepalungu 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.

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

Approval of the financial statements

The NGCDF- Chepalungu Constituency financial statements were approved and signed by the Accounting Officer on 20/11/ 2025.



.....
Name: Nicholas Bett
Chairman – NGCDF Committee



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Name: Felix Ntutu
Fund Account Manager

REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

- A. Report on the 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 the Lawfulness and Effectiveness in 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 the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund - Chepalungu Constituency set out on pages 1 to 62, which comprise of the statement of financial position as at 30 June, 2025

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

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

Basis for Qualified Opinion

1. Unsupported Opening Balances

The statement of financial position reflects opening total assets amounting to Kshs.92,746,010 and Nil opening liabilities. However, these balances were not supported by transition Project Co-ordination Committee report. The total assets opening balance does not include property, plant and equipment opening balance of Kshs.26,068,000 reflected in Annex 1 of the financial statements.

In the circumstances, the accuracy and completeness of the opening assets totalling Kshs.92,746,010 and Nil liabilities could not be confirmed.

2. Inaccuracy of Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.72,066,783 in respect of undisbursed transfers from the National Government Constituencies Development Fund (NGCDF) Board as further disclosed in Note 21 to the financial statements. However, the amount differs with undisbursed transfers from the Board totalling Kshs.95,529,692 reflected in the statement of comparison of budget and actual amounts, resulting in an unexplained variance of Kshs.23,462,909.

In the circumstances, the accuracy and completeness of receivables from non-exchange transactions balance of Kshs.72,066,783 could not be confirmed.

3. Inaccuracy of Accumulated Surplus

The statement of financial position reflects accumulated surplus totalling Kshs.111,323,114. The amount includes adjustments to recognize assets amounting to Kshs.70,889,859 as reflected in the statement of changes in net assets. However, the

amount differs with the total opening assets balance of Kshs.92,746,010 reflected in the statement of financial position resulting in unreconciled variance of Kshs.21,856,151. The supporting schedule for the assets was also not provided for audit.

In the circumstances, the accuracy and completeness of the accumulated surplus balance totalling Kshs.111,323,114 could not be confirmed.

4. Inaccuracies in the Statement of Cashflows

The statement of cash flows reflects net cash flows from operating activities amounting to Kshs.16,911,631 as further disclosed in Note 29 to the financial statements. However, recasting of Note 29 confirmed net cash flows from operating activities totalling Kshs.18,148,051 resulting in an unreconciled variance of Kshs.1,236,420.

Further, Note 29 reflects working capital adjustment amounting to Kshs.5,927,773 in respect of increase in receivables. However, the increase in receivables differs with the recomputed amount of Kshs.2,783,683 resulting in unexplained variance of Kshs.3,144,090.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

5. Non-Matching Notes to the Financial Statements

The statement of financial position reflects Notes numbered 22 to 29. However, the notes do not match the actual Notes to the financial statements.

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

6. Unsupported Project Management Committee Bank Balances

The statement of financial position and as disclosed in Note 19 to the financial statements reflects cash and cash equivalents totalling Kshs.40,374,541. The balance includes Kshs.15,230,317 in respect of Project Management Committee bank balances for fifty-eight (58) project bank accounts as further disclosed in Annex 2 to the financial statements. However, the respective cash books, bank reconciliation statements, certificates of bank balance and bank statements were not provided for audit.

Further, Project Management Committee (PMC) bank balances were not transferred to the Constituency bank account. This was contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which requires all unutilized funds of the Project Management Committee to be returned to the Constituency account.

In the circumstances, accuracy and completeness of cash and cash equivalents totalling Kshs.15,230,317 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 - Chepalungu Constituency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amounting to Kshs.268,103,576 and Kshs.172,573,884 respectively resulting to an under-funding of Kshs.95,529,692 or thirty-six percent (36%) of the budget. Further, the statement reflects actual expenditure amounting to Kshs.155,662,254 against actual receipts of Kshs.172,573,884 resulting to under-absorption of Kshs.16,911,630 of the receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the constituents of Chepalungu Constituency.

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 Audit Matters

In the audit reports of the previous year, sixteen (16) issues were raised under the Report on Financial Statements as shown in **Appendix I**. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

Other Information

Management is responsible for the Other Information set out on page iii to liv which comprise of Key Constituency Information and Management, National Government Constituencies Development Fund (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's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is

materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Lawfulness and Effectiveness in 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. Irregular Engagement of Constituency Committee Employees

The statement of financial performance reflects employee costs amounting to Kshs.4,971,422. Review of the human resource documents including the monthly payrolls revealed that the Constituency Development Fund Committee had engaged thirteen (13) contractual employees during the year under review. This was contrary to the approved maximum establishment of ten (10) resulting in over engagement of three (3) employees or thirty percent (30%) of the approved establishment.

Further, the Constituency Committee did not have a clear organizational structure backed by job description for each employee in place. This was contrary to the NG-CDF Board Circular referenced NG-CDFB/CEO/NG-CDFCIRCULARS VOL II (033) dated 15 December, 2022 which directed the Constituency committees to plan and budget for necessary number of employees based on clear organizational structure backed by job description for each employee to ensure that the committee has pertinent capacity for execution of its mandate.

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

2. Irregular Expenditure on Emergency Projects

The statement of financial performance reflects other grants and transfers expenditure amounting to Kshs.88,005,354. The amount includes emergency projects totalling Kshs.1,200,000 as disclosed in Note 14 to the financial statements. However, the emergency reserve expenditure was not reported to the National Government Constituencies Development Fund Board within thirty (30) days of occurrence contrary to Regulation 20(2) of the National Government Constituencies Development Fund

Regulations, 2016 which states that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format prescribed by the Board.

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

3. Failure to Remit Statutory Tax Deductions

Review of records from Kenya Revenue Authority revealed that the Chepalungu National Government Constituency Development Fund failed to deduct and remit taxes amounting to Kshs.1,133,401. This was contrary to Section 37(1) of the Income Tax Act, Cap.470 which requires an employer paying emoluments to an employee to deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed. Failure to make the payments as and when due exposes the Fund to the risk of nugatory expenditure in form of fines and penalties and result to persistent material breach.

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

4. Delayed Implementation of Budgeted Projects

Review of the statement of budget execution by sectors and projects and the projects implementation status report as at 30 June, 2025 revealed that a total of thirty-eight (38) projects under primary schools, secondary schools, security sector and digital hubs with an approved total budget of Kshs.31,346,483 had not started across the Constituency. Further, twenty-seven (27) projects with a budget of Kshs.83,231,537 had not been completed and therefore had their works stalled or were still ongoing at various levels.

Further, review of the approved budget for the financial year revealed that a total of thirty (30) primary and secondary schools were allocated an aggregate amount of Kshs.6,450,000 for supply and delivery of one thousand (1,000) tree seedlings, one thousand-litre capacity tanks, construction of concrete water tank base and fencing works. However, audit verification indicated that none of the projects had commenced as at the time of audit review.

Delay in projects implementation may have impacted negatively on the delivery of services to the residents of Chepalungu Constituency.

5. Construction of Digital Hubs

Review of documents revealed that the Constituency was allocated Kshs.3,800,000 for construction of a digital hub during the year under review. This was under the formal arrangement between the National Government Constituencies Development Fund (NG-CDF) Board in partnership with the Ministry of Information, Communications and the Digital Economy in an effort to provide access to digital skills training, internet connectivity-working space and tools for online work or innovation. However, feasibility studies or approvals on the suitability of selected locations from the ICT Authority prior to the projects' commencement were not provided for audit. Further, physical inspection

conducted in the month of October, 2025 noted that the construction works had not started despite disbursement of the funds by the National Government Constituencies Development Fund Board.

In the circumstances, the objectives of the project may not be realized and the public may not have received value for money from the delayed implementation.

6. Incomplete Works and Unsatisfactorily Implemented Projects

Review of records revealed that expenditure amounting Kshs.8,016,641 was incurred towards implementation of various projects in six (6) schools as shown below.

No.	Name of PMC	Project Details	Contract Cost (Kshs.)	Amount Paid (Kshs.)	% of Payment
1.	Chebanyiny Primary School	Construction of two (2) classrooms	2,598,950	1,359,000	52%
2.	Lelboinet Primary School	Construction one (1) classroom	1,298,910	906,250	70%
3.	Kamungei Primary School	Construction one (1) classroom	1,298,910	1,382,812	106%
4.	Mengwet Primary School	Construction one (1) classroom	1,298,360	1,298,360	100%
5.	Cheleget Primary School	Construction one (1) classroom	1,299,660	1,371,000	105%
6.	Kamoty Primary School	Construction three (3) classrooms	3,898,350	1,699,219	44%
Total			11,693,140	8,016,641	

However, physical inspection of the projects undertaken in the month of October, 2025 revealed incomplete works and the contractors were not on site despite having been paid full contract sums or substantial proportion of the contract amounts.

In the circumstances, value for money on expenditure amounting to Kshs.8,016,641 was not achieved.

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

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing 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

15 December, 2025

Appendix I:

Unresolved Prior Year Audit Matters

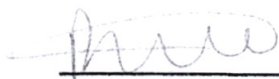
Number	Financial Year	Issue
1	2023/2024	Inaccuracy of Other Receipts
2	2023/2024	Inaccuracy of Compensation of Employees
3	2023/2024	Inaccuracy of Deficit
4	2023/2024	Inaccuracy of Cash and Cash Equivalents
5	2023/2024	Inaccuracy of Net Financial Position
6	2023/2024	Statement of Cash Flows
7	2023/2024	Summary of Fixed Asset Register
8	2023/2024	Unsupported Project Management Committee Bank Balances
9	2023/2024	Budgetary Control and Performance
10	2023/2024	Unresolved Prior Year Matters
11	2023/2024	Inconsistencies in the NGCDF Chairman's Report and Financial Statement Balances
12	2023/2024	Irregular Engagement of Constituency Committee Employees
13	2023/2024	Irregular Reallocation of Project Funds
14	2023/2024	Irregular Expenditure on Access Roads
15	2023/2024	Irregular Bursaries Disbursement
16	2023/2024	Irregular Emergency Projects Expenditure

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

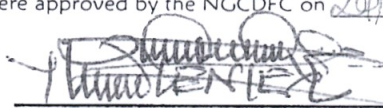
	Note	2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	179,441,954
Transfers from domestic and foreign partners	7	-
Revenue from exchange transactions		
Finance income	8	-
Miscellaneous income	9	-
Total revenue		179,441,954
Expenses		
Employee costs	10	4,971,422
Committee expenses	11	9,526,900
Use of Goods and Services	12	7,373,712
Other Government Units Actual expenditure	13	46,606,952
Other Grants and Transfers Actual expenditure	14	88,005,354
Depreciation and amortization expense	15	-
Digital Hubs Expenses Actual expenditure	16	-
Total expenses		156,484,340
Other gains/(losses)		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
Surplus/(Deficit) for the year		22,957,614

The Constituency financial statements were approved by the NGCDFC on 20/11/2025 2025 and signed by:



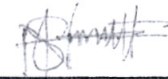
Chairman NG-CDF Committee

Name: Bett Nicholas



National Sub-County Accountant

Name: Kiprono Soi
ICPAK M/No: 31062



Fund Account Manager

Name: Felix Ntu:tu

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

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

	Note	2024/2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	19	40,374,541	23,462,910
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	72,066,783	69,283,100
Prepayments	22	-	-
Total Current Assets		112,441,324	92,746,010
Non-Current Assets			
Property, Plant and Equipment	23	-	-
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
Total Non- Current Assets		-	-
Total Assets (A)		112,441,324	92,746,010
Liabilities			
Current Liabilities			
Trade and Other Payables	26	-	-
Third Party Deposits	27	-	-
Lease Liabilities	28	-	-
Gratuity Provision	29	1,118,210	-
Total Current Liabilities		1,118,210	-
Non-Current Liabilities			
Lease Liabilities	28	-	-
Total Liabilities (B)		1,118,210	-
Net Assets (A-B)		111,323,114	92,746,010
Represented by:			
Revaluation Reserves		-	-
Accumulated Surplus		111,323,114	92,746,010
Total Net Assets		111,323,114	92,746,010

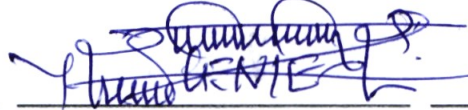
*National Government Constituencies Development Fund (NGCDF)
Chepalungu Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025*

The Constituency financial statements set out on pages 2 to 3 approved by NG CDFC on 24/11/2025 and signed by:



Chairman NG-CDF Committee

Name: Bett Nicholas



National Sub-County Accountant

Name: Kiprono Soi
ICPAK M/No: 31062



Fund Account Manager

Name: Felix Ntutu

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

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
Fund Balance as at 30 th June 2024	-	17,475,641	17,475,641
Adjustments			
Recognition of Assets	-	70,889,859	70,889,859
Recognition of Liabilities	-	-	-
As at July 1, 2024		88,365,500	88,365,500
Surplus/(Deficit) For the Period	-	22,957,614	22,957,614
Revaluation Gain/Loss	-	-	-
As at June 30, 2025	-	111,323,114	111,323,114

Note:

1. For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.

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

	Notes	2024/2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		172,573,884
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
Total Receipts		172,573,884
Payments		
Employee costs		4,149,336
Committee expenses		9,526,900
Use of Goods and Services		7,373,712
Other Government Units Certified Works		46,606,952
Other Grants and Transfers		88,005,354
Digital Hubs Expenses		-
Total Payments		155,662,253
Net Cash Flows from/ (used in) Operating Activities		16,911,631
Cash flows From Investing Activities		
Purchase of PPE		-
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
Net Cash Flows from Investing Activities		-
Net increase/(decrease)in cash & Cash equivalents		16,911,631
Cash Flows from Financing Activities		
Lease Payment		-
Net Cash Flows from Financing Activities		-
Cash and cash equivalents at 1 July	19	23,462,910
Cash and cash equivalents at 30 June	19	40,374,541

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	D	e=(c-d)	f=d/c*100
	FY 2024-2025	Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding disbursements	FY 2024-2025	FY 2024-2025		
Revenue							
Transfers From the NGCDF Board	179,441,954	19,378,522	69,283,100	268,103,576	172,573,884	95,529,692	64.37%
Grants/donations from other entities	-	-	-	-	-	-	
Finance income	-	-	-	-	-	-	
Miscellaneous income	-	-	-	-	-	-	
Totals	179,441,954	19,378,522	69,283,100	268,103,576	172,573,884	95,529,692	64.37%
Expenses							
Employee costs	4,396,205	72,618	-	4,468,823	4,149,336	319,487	92.85%
Committee expenses	3,333,000	8,086,607	-	11,419,607	9,526,900	1,892,707	83.43%
Use of Goods and Services	7,570,582	1,471,272	-	9,041,854	7,373,712	1,668,143	81.55%

**National Government Constituencies Development Fund (NGCDF)
Chepalungu Constituency**

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

Other Government Units Certified Works	13,300,000	1,902,881	56,046,637	71,249,518	46,606,952	24,642,566	65.41%
Other Grants and Transfers	83,890,815	7,845,144	13,236,463	104,972,422	88,005,354	16,967,068	83.84%
Digital Hubs Expenses	3,800,000	-	-	3,800,000	-	3,800,000	0.00%
Funds Pending Approval***	63,151,352	-	-	63,151,352	-	63,151,352	0.00%
Total Expenditure	179,441,955	19,378,522	69,283,100	268,103,577	155,662,254	112,441,324	58.06%
Surplus for the period	(0)	-	(0)	(0)	16,911,631	(16,911,631)	

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

Explanatory Notes.

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

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	112,441,324
Less undisbursed funds receivable from the Board as at 30 th June 2025	(72,066,783)
Cash and Cash Equivalents at the end of the 30 th June 2025	40,374,541


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 24/11 2025 and signed by:



 Fund Account Manager

Name: Felix Ntutu



 National Sub-County Accountant

Name: Kiprono Soi
 ICPAK M/No:



 Chairman NG-CDF Committee

Name: Nicholas Bett

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

16. Budget Execution by Sectors and Projects for The Year Ended 30th June 2025

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous		comparable basis	
			Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	4,396,205	72,618		4,468,823	4,149,336	319,487
1.2 Committee allowances	1,369,000	1,693,507		3,062,507	3,019,800	42,707
1.3 Use of goods and services	4,434,653	112,290		4,546,943	1,430,700	3,116,243
Sub-total	10,199,858	1,878,415	-	12,078,273	8,599,836	3,478,437
2.0 Monitoring and evaluation						
2.1 Capacity building	700,000	1,150,000		1,850,000	1,519,900	330,100
2.2 Committee allowances	1,264,000	5,243,100		6,507,100	6,507,100	-
2.3 Use of goods and services	3,135,929	1,358,982		4,494,911	4,423,112	71,800
Sub-total	5,099,929	7,752,082	-	12,852,011	12,450,112	401,900
4.0 Emergency						
unutilized	9,444,313	2,425,309	-	11,869,622	1,200,000	10,669,622
Sub-total	9,444,313	2,425,309	-	11,869,622	1,200,000	10,669,622
5.0 Bursary and Social Security						
5.1 Primary Schools				-		-
5.2 Secondary Schools	40,000,000	2,627,957	7,077,860	49,705,817	49,705,817	-
5.3 Tertiary Institutions	27,999,056	2,791,878	6,158,603	36,949,537	36,949,537	1
5.4 special needs				-		-

National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous		comparable basis	
			Years'			
			Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
5.5 Education Support Programmes				-		-
5.6 Social Security				-		-
Sub-total	67,999,056	5,419,835	13,236,463	86,655,354	86,655,354	1
7.0 Environment						
CHEBANYINY PRIMARY SCHOOL	215.000			215.000	-	215.000
CHEBOIS PRIMARY SCHOOL	212.446			212.446	-	212.446
CHELEGET PRIMARY SCHOOL	215.000			215.000	-	215.000
CHEMENGWA SECONDARY SCHOOL	215.000			215.000	-	215.000
CHEMISIMNGUT PRIMARY SCHOOL	215.000			215.000	-	215.000
CHEPLELIET PRIMARY SHOOOL	215.000			215.000	-	215.000
CHEPWOSTUIYET PRIMARY SCHOOL	215.000			215.000	-	215.000
KAGAWET PRIMARY SCHOOL	215.000			215.000	-	215.000
KAMOSIRO SECONDARY SCHOOL	215.000			215.000	-	215.000
KAMUNGEI PRIMARY SCHOOL	215.000			215.000	-	215.000
KAPRORON SECONDARY SCHOOL	215.000			215.000	-	215.000
KAPSIO PRIMARY SCHOOL	215.000			215.000	-	215.000
KAPTAMBULIET PRIMARY SCHOOL	215.000			215.000	-	215.000
KAPTERER PRIMARY SCHOOL	215.000			215.000	-	215.000
KAPTICH PRIMARY SCHOOL	215.000			215.000	-	215.000
KERUNDUT SECONDARY SCHOOL	215.000			215.000	-	215.000

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous		comparable basis	utilization
			Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
KIBOSON PRIMARY SCHOOL	215,000			215,000	-	215,000
KIPKUROR PRIMARY SCHOOL	215,000			215,000	-	215,000
KIPRICHEIT PRIMARY SCHOOL	215,000			215,000	-	215,000
KIRAMBEI PRIMARY SCHOOL	215,000			215,000	-	215,000
KOIMIRET SECONDARY SCHOOL	215,000			215,000	-	215,000
KOSIA PRIMARY SCHOOL	215,000			215,000	-	215,000
LELBOINET PRIMARY SCHOOL	215,000			215,000	-	215,000
MARIANGO PRIMARY SCHOOL	215,000			215,000	-	215,000
MASINDONI PRIMARY SCHOOL	215,000			215,000	-	215,000
MENGWET PRIMARY SCHOOL	215,000			215,000	-	215,000
MUKENYI SECONDARY SCHOOL	215,000			215,000	-	215,000
NGONYAT PRIMARY SCHOOL	215,000			215,000	-	215,000
NGWONET PRIMARY SCHOOL	215,000			215,000	-	215,000
NYAMBUGO SECONDARY SCHOOL	215,000			215,000	-	215,000
				-		
Sub-total	6,447,446	-	-	6,447,446	-	6,447,446
8.0 Primary Schools Projects						
ARARET PRIMARY SCHOOL	300,000			300,000		300,000
CHENIT PRIMARY SCHOOL	1,300,000			1,300,000		1,300,000
CHEPTUONIK PRIMARY SCHOOL	600,000			600,000		600,000

*National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous		comparable basis	
			Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
DON BOSCO PRIMARY SCHOOL	200.000			200,000		200,000
KAPSAYALELE PRIMARY SCHOOL	600.000			600,000		600,000
KELICHEK PRIMARY SCHOOL	300.000			300,000		300,000
KIMANAGA PRIMARY SCHOOL	600.000			600,000		600,000
KIPSIRAT PRIMARY SCHOOL	100.000			100,000		100,000
KOSIA PRIMARY SCHOOL	200.000			200,000		200,000
KYOGONG PRIMARY SCHOOL	600.000			600,000		600,000
LELECHONIK PRIMARY SCHOOL	500.000			500,000		500,000
NYAMBUGO PRIMARY SCHOOL	1,300.000			1,300,000		1,300,000
SARAMEK PRIMARY SCHOOL	150.000			150,000		150,000
SIMBEIYWET PRIMARY SCHOOL	150.000			150,000		150,000
SIMOTWET PRIMARY SCHOOL	200.000			200,000		200,000
ST.MARYS KAPSIRICH PRIMARY SCHOOL	600.000			600,000		600,000
ATEBWO PRIMARY SCHOOL		-	96,637	96,637	-	96,637
BORUT PRIMARY SCHOOL		500	-	500	-	500
CHEBANYINY PRIMARY SCHOOL		500	1,200,000	1,200,500	1,199,669	831
CHEBOIS PRIMARY SCHOOL		-	1,300,000	1,300,000	1,299,483	517
CHEBORIOT PRIMARY SCHOOL		24,657	500,000	524,657	-	524,657
CHELEGET PRIMARY SCHOOL		700	1,300,000	1,300,700	1,210,262	90,438
CHEMAGEL PRIMARY SCHOOL		-	500,000	500,000	-	500,000

*National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous		comparable basis	utilization
			Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
CHEMISINGUT PRIMARY SCHOOL		-	1,100,000	1,100,000	-	1,100,000
CHEPLELIET PRIMARY SCHOOL		5,500	800,000	805,500	800,000	5,500
CHEPTOLELYOI PRIMARY SCHOOL		-	500,000	500,000	-	500,000
CHEPWOSTUIYET PRIMARY SCHOOL		-	500,000	500,000	-	500,000
CHESERTON PRIMARY SCHOOL		200	500,000	500,200	-	500,200
CHESOGORI PRIMARY SCHOOL		500	500,000	500,500	499,505	995
DON BOSCO PRIMARY		28,775	800,000	828,775	61,102	767,673
GOITABKALYET PRIMARY SCHOOL		455	1,050,000	1,050,455	1,050,340	115
HIGHLAND PRIMARY SCHOOL		500	800,000	800,500	798,000	2,500
KAGAWET PRIMARY SCHOOL		25,225	600,000	625,225	997,589	(372,364)
KAMAGET PRIMARY SCHOOL		500	1,300,000	1,300,500	1,297,700	2,800
KAMOSIRO PRIMARY SCHOOL		-	800,000	800,000	-	800,000
KAMOSOS PRIMARY SCHOOL		500	-	500	-	500
KAMOTYO PRIMARY SCHOOL		-	1,500,000	1,500,000	1,499,500	500
KAMUNGEI PRIMARY SCHOOL		500	1,300,000	1,300,500	1,250,000	50,500
KAPSIO PRIMARY SCHOOL		500	1,300,000	1,300,500	1,299,460	1,040
KAPTAMBOLIET PRIMARY SCHOOL		1,000	1,300,000	1,301,000	1,300,590	410
KAPTOROKWA PRIMARY SCHOOL		500	1,300,000	1,300,500	1,276,780	23,720
KAPTERER PRIMARY SCHOOL		500	-	500	-	500
KESOSIO PRIMARY SCHOOL		500	600,000	600,500	600,000	500

*National Government Constituencies Development Fund (NGCDF)
Chepalungu Constituency
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous		comparable basis	utilization
			Years'			
			Outstanding			
	Kshs	Kshs	Disbursements	Kshs	Kshs	Kshs
KIMATISIO PRIMARY SCHOOL		-	600.000	600.000	598.000	2.000
KIMAYA PRIMARY SCHOOL		305	1,800.000	1,800.305	1,800.200	105
KIMINDILIL PRIMARY SCHOOL		500	1,000.000	1,000.500	500.000	500,500
KINYOGI PRIMARY SCHOOL		500	500.000	500.500	500.000	500
KIPRICHEIT PRIMARY		500	2,600.000	2,600.500	2,599.039	1,461
KIPROROGET PRIMARY SCHOOL		500	1,000.000	1,000.500	-	1,000,500
KIPTURGUT PRIMARY SCHOOL		500	1,300.000	1,300.500	1,280.000	20,500
KIPSIMBOL CENTRE PRIMARY SCHOOL		-	1,050.000	1,050.000	1,049.652	348
KIPSIRAT PRIMARY SCHOOL		-	800.000	800.000	786.207	13,793
KIPTAGE PRIMARY SCHOOL		500	500.000	500.500	499,001	1,499
KIRAMBEI PRIMARY SCHOOL		-	1,300.000	1,300.000	-	1,300,000
KISIBITA PRIMARY SCHOOL		85	500.000	500,085	498,759	1,326
LALWAT PRIMARY SCHOOL		500	1,300.000	1,300,500	1,299,400	1,100
LELBOINET PRIMARY SCHOOL		1,256	900.000	901,256	800,416	100,840
MENGWET PRIMARY SCHOOL		-	1,300.000	1,300.000	1,298,360	1,640
MUGANGET PRIMARY SCHOOL		-	500.000	500.000	-	500,000
NGWONET PRIMARY SCHOOL		1,255	1,300.000	1,301,255	1,000,000	301,255
NYATEMBE PRIMARY SCHOOL		500	1,100.000	1,100,500	1,099,456	1,044
SARAMEK PRIMARY SCHOOL		300	500.000	500,300	500,000	300

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous		comparable	utilization
			Years'		basis	difference
		Outstanding	Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
SIMOTWET PRIMARY SCHOOL		500	1,300,000		1,299,670	
ST. SOFIA PRIMARY SCHOOL		-	1,300,000		-	
ST. THOMAS REBERWET		450,500	-		431,586	
SUGURMERGA PRIMARY SCHOOL		500	1,300,000	1,300,500	1,299,670	830
				-		-
				-		-
				-		-
Sub-total	7,700,000	550,713	45,196,637	50,396,350	35,579,396	16,548,210
9.0 Secondary Schools Projects (List all the Projects)						
KABOLWO DAY SECONDARY SCHOOL	600,000			600,000		600,000
KAPSABUL DAY SECONDARY SCHOOL	1,000,000			1,000,000		1,000,000
KOSIA SECONDARY SCHOOL	200,000			200,000		200,000
LELAITICH SECONDARY SCHOOL	1,100,000			1,100,000		1,100,000
MASINDONI SECONDARY SCHOOL	200,000			200,000		200,000
MUKENYI SECONDARY SCHOOL	1,800,000			1,800,000		1,800,000
TEBESWET SECONDARY SCHOOL	700,000			700,000		700,000
CHEMENGWA SECONDARY SCHOOL		2,925	1,200,000	1,202,925	1,200,345	2,580
CHEPNYALILIET SECONDARY SCHOOL		18,886	-	18,886	18,000	886

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years'		Kshs	
Outstanding	Kshs					
Disbursements			Kshs			
	Kshs					
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
KAPWOLO SECONDARY SCHOOL		18,910	-	18,910	-	18,910
KERUNDUT SECONDARY SCHOOL		827	1,900,000	1,900,827	1,899,250	1,577
MUKENYI SECONDARY SCHOOL		57,295	2,400,000	2,457,295	2,454,426	2,869
NYAMBUGO SECONDARY SCHOOL		9,441	500,000	509,441	500,000	9,441
KIMAYA SECONDARY SCHOOL		-	850,000	850,000	-	850,000
				-		-
				-		-
Sub-total	5,600,000	108,283	6,850,000	12,558,283	6,072,021	6,486,262
10.0 Tertiary institutions Projects (List all the Projects)						
SIONGIROI KMTC		1,243,885	4,000,000	5,243,885	5,105,535	138,350
				-		-
Sub-total	-	1,243,885	4,000,000	5,243,885	5,105,535	138,350
11.0 Security Projects						
Sub-total	-	-	-	-	-	-
12.0 Acquisition of assets						
12.1 Motor Vehicles (including motorbikes)				-		-
12.2 Purchase of furniture and fittings				-		-
12.2 Construction of CDF office				-		-

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
					comparable basis	
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Sub-total	-	-	-	-	-	-
13.0 Others						
NYONGORES DIGITALHUB	3,800,000d	-	-	3,800,000		3,800,000
		-	-	-		-
		-	-	-		-
Sub-total	3,800,000	-	-	3,800,000	-	3,800,000
Funds pending approval**				-		-
unapproved projects	63,151,352	-	-	63,151,352		63,151,352
AiA	-	-	-	-		-
Sub-total	63,151,352	-	-	63,151,352	-	63,151,352
Total	179,441,955	19,378,522	69,283,100	268,103,577	155,662,253	112,441,324

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

17. Notes to the Financial Statements

1. General information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NG-CDF Act 2015 (amended 2023). The NG-CDF is wholly owned by the Government of Kenya and is domiciled in Kenya. The NG-CDF Chepalungu Constituency principal activity is development of schools and improvement of security infrastructure.

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 [Chepalungu] 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 [Chepalungu] 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.

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3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st 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 cashflow of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st 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.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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.

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IPSAS 46: Measurement	<p><i>Applicable 1st 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"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st 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 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>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

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Resources	<ul style="list-style-type: none"> ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
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iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized in the statement of financial performance upon fulfilling the conditions set. Revenue shall be recognized after allocations have been approved by the NG-CDF Board.

ii) Revenue from exchange transactions

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

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

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

c) Property, plant and equipment

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

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the NGCDF Chepalungu. 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 NGCDF Chepalungu 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

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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 NG-CDF Chepalungu. 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 Fund's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

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

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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.

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Fair value through surplus or deficit

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

Impairment

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

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 NGCDF Chepalungu.

h) Provisions

Provisions are recognized when the NGCDF Chepalungu 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 NGCDF Chepalungu 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

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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 NGCDF Chepalungu 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.

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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.

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n) Related parties

The NGCDF Chepalungu 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 NGCDF Chepalungu, 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 NGCDF Chepalungu 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 NGCDF Chepalungu.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

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

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6. Transfers from the NGCDF Board

Description	2024/2025
	Kshs
NGCDFB Transfers (Allocation for the FY)	179,441,954
Total	179,441,954

7. Transfers from domestic and foreign partners

Description	2024/2025
	Kshs
Grants	-
Total	-

8. Finance income

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

9. Miscellaneous income

	2024/2025
	Kshs
Rental Income	-
Income from sale of tenders	-
Hire of plant/equipment/facilities	-
Other Income Not Classified Elsewhere	-
Total	-

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10. Employees cost

	2024/2025
	Kshs
NG-CDFC Basic staff salaries	3,607,128
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	-
Gratuity to contractual employees	1,118,210
Employer Contributions Compulsory national social security schemes	184,176
Employer Contributions Compulsory Housing levy	54,108
Employer contributions to National Industrial Training Authority	7,800
Other Specify	-
Total	4,971,422

11. Committee Expenses

	2024/2025
	Kshs
Sitting allowance	3,019,800
Other Committee expenses	6,507,100
Total	9,526,900

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12. Use of Goods and services

	<i>2024/2025</i>
	Kshs
Utilities, supplies and services	55,967
Communication, supplies and services	18,900
Domestic travel and subsistence	1,430,700
Printing, advertising and information supplies & services	385,000
Office Rent	-
Training expenses	1,519,900
Hospitality supplies and services	555,300
Insurance costs	-
Specialized materials and services	168,100
Office and general supplies and services	315,000
Fuel, oil & lubricants	-
Bank charges	46,679
Routine maintenance – vehicles and other transport equipment	73,966
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	2,804,200
Total	7,373,712

13. Other Government Units Actual expenditure

Description	<i>2024/2025</i>
	Kshs
Primary Schools Actual expenditure	35,417,711
Secondary Schools Actual expenditure	6,078,982
Tertiary Institutions Actual expenditure	5,110,260
Total	46,606,952

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14. Other Grants and transfers Actual expenditure

	<i>2024/2025</i>
	Kshs
Bursary – secondary schools	49,705,817
Bursary – tertiary institutions	36,949,537
Bursary – special schools	-
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	150,000
Climate change mitigation projects	-
Emergency projects Actual expenditure	1,200,000
Roads projects Actual expenditure	-
Others specify	-
Total	88,005,354

15. Depreciation and Amortization Expenses

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

16. Digital Hubs Expenses

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

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17. Gain/loss on Sale of Assets

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

18. Impairment Loss

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

19. Cash and Cash Equivalents

Name Of Bank and Account No.	2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
<i>Access Bank, Account No. 0170100000072 (OPERATIONS A/C)</i>	24,126,949	17,475,641
<i>Operations account pending closure (Indicate name & account no.)</i>	-	-
<i>Diamond Trust Bank account No. 0424326002</i>	1,017,275	-
<i>Kenya commercial bank, access bank, equity bank, family bank, diamond trust bank, cooperative bank</i>	15,230,317	5,987,269
Total	40,374,541	23,462,910

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20. Receivables from Exchange Transactions

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

i. Ageing Analysis for Receivables

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

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21. Receivables from Non-Exchange Transactions

Description	2024/2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	72,066,783		69,283,100	
Outstanding imprest	-		-	
Total	72,066,783		69,283,100	
Ageing Analysis- Receivables from non-exchange transactions	2024/2025	% of the total	Opening Balance	% of the total
Less than 1 year	72,066,783	100%	69,283,100	100%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	72,066,783	100%	69,283,100	100%

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22. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation Rate (specify)		2%	25%	12.5%	30%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-	-	-	-
Opening Depreciation	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	-	-	-	-	-
Net Book Values	-	-	-	-	-	-	-	-
Opening Bal as at 1 st July 2024	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	-	-	-	-	-

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Valuation

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

22 b) Property, Plant and Equipment at Cost

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

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

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

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

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23. Intangible Assets

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

24. Right-of use assets

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Cost				
As At 1 July	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025	-	-	-	-
Additions	-	-	-	-
As at 30 Sept/Dec/ March/June 2024	-	-	-	-
Accumulated Depreciation				
As At 1 July 2024	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025	-	-	-	-
Charge for the period	-	-	-	-
As at 30 Sept/Dec/ March/June 2024	-	-	-	-
Carrying Amount	-	-	-	-
As at 30 Sept/Dec/ March/June 2024	-	-	-	-

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25. Trade and Other Payables

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

26. Third-Party deposits

	2024/2025
	KShs
Retention as at 1 st July (A)	-
Retention held during the year (B)	-
Retention paid during the Year (C)	-
Closing Retention as at 30th June D= A+B-C	-

Retentions aging analysis.

	2024-2025	% of the total	FY 2023-2024	% of the total
Less than 1 year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

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27. Lease Liabilities

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

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Maturity Analysis

Period	Amount
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5 and onwards	0
Less: unearned Interest	0
	0

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

28. Gratuity Provision

Description	2024-2025
	Kshs
Gratuity at the beginning of the year 1 st of July	-
Gratuity held during the year	1,118,210
Gratuity paid during the year	-
Total Gratuity Provision 30th June (A+B-C)	1,118,210

29. Cash Generated from Operations

	2024/2025
	Kshs
Surplus/Deficit for the year	22,957,614
Adjusted for:	
Depreciation	-
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase/decrease in receivables	(5,927,773)
Increase/decrease in payables	1,118,210
Net cash flow from operating activities	16,911,631

30. 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
As at 30th June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	76,151,170	76,151,170	-	-
Bank balances	40,374,541	40,374,541	-	-
Total	116,525,711	116,525,711	-	-
As at 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	69,283,099	69,283,099	-	-
Bank balances	23,462,910	23,462,910	-	-
Total	92,746,009	92,746,009	-	-

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Financial Risk Management

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

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June (Current FY)				
Trade payables	-	-	-	-
Current proportion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	1,118,210	1,118,210
Total	-	-	1,118,210	1,118,210
As at 30th June (Previous FY)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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iii) **Market risk**

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

a) **Foreign currency risk**

The NG-CDF Chepalungu 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 NG-CDF Chepalungu 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 NG-CDF Chepalungu's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

b) Interest rate risk

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

Management of interest rate risk

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

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 percentage point as a decrease/increase of Kshs (FY 2024-2025: Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of (FY 2024-2025: 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 NG-CDF Chepalungu 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 NG-CDF Chepalungu considers relevant and observable market prices in its valuations where possible.

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.

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iv) Capital Risk Management

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

Description	FY 2024-2025	<i>Opening Statement</i> <i>1st July 2024</i>
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	115,407,501	88,661,622
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	40,374,541	19,378,522
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	-%	-%

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31. Related Party Disclosures

	<i>2024/2025</i>	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	3,019,800	4,322,000
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	179,441,954	203,088,375
Total	182,461,754	207,410,375

32. Segment Information

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

33. Contingent Assets and Contingent Liabilities

Contingent Assets

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

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Contingent Liabilities

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

34. Capital Commitments

Capital Commitments	2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

(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).

35. Events after the Reporting Period

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

36. Ultimate And Holding Entity

The Chepalungu 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.

37. Currency

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

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18. Annexes
 Annex 1: Summary of Asset Register

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land	16,868,000	-	-	16,868,000
Buildings and structures	6,200,000	-	-	6,200,000
Transport equipment	3,000,000	-	-	3,000,000
Total	26,068,000			26,068,000

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

S/NO	PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
1.	ATEBWA PRIMARY SCHOOL	FAMILY BANK	84000038090	400000	-
2.	BORUT PRIMARY SCHOOL	ACCESS BANK	170230003984	500	500.00
3.	CHEBANYINY PRIMARY SCHOOL	ACCESS BANK	170230004054	486.03	500.00
4.	CHEBOIS PRIMARY SCHOOL	ACCESS BANK	170230004015	517.24	-
5.	CHEBORIOT PRIMARY SCHOOL	KCB BANK	1105078469	524656.5	24,656.50
6.	CHELEGET PRIMARY SCHOOL	ACCESS BANK	10230004042	90437.93	700.00
7.	CHEMAGEL PRIMARY SCHOOL	FAMILY BANK	84000038924	500000	-
8.	CHEMENGWA SECONDARY SCHOOL	ACCESS BANK	170200000102	2580.13	2,925.13
9.	CHEMISINGUT PRIMARY SCHOOL	FAMILY BANK	84000038976	1100000	
10.	CHEPLELIET PRIMARY SCHOOL	ACCESS BANK	170230004014	5500	5,500.00
11.	CHEPNYALILIET SECONDARY SCHOOL	ACCESS BANK	170230003836	885.5	18,885.50
12.	CHEPTOLELYOI PRIMARY SCHOOL	ACCESS BANK	1702300039567	500000	-
13.	CHEPWOSTUIYET PRIMARY SCHOOL	ACCESS BANK	170200000154	500000	-
14.	CHESERTON PRIMARY SCHOOL	ACCESS BANK	170230004212	200	200.00
15.	CHESOGORI PRIMARY SCHOOL	ACCESS BANK	170230003948	650	500.00
16.	DON BOSCO PRIMARY	KCB BANK	1150457376	804318.85	28,775.25
17.	GOITABKALYET PRIMARY SCHOOL	ACCESS	160130000030	115.17	455.00

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S/NO	PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
		BANK			
18.	HIGHLAND PRIMARY SCHOOL	KCB BANK	1336055774	1349	500.00
19.	KAGAWET PRIMARY SCHOOL	ACCESS BANK	170200000100	300000	25,225.24
20.	KAMAGET PRIMARY SCHOOL	ACCESS BANK	170230003992	2455	500.00
21.	KAMOSIRO PRIMARY SCHOOL	ACCESS BANK	170200000103	800000	-
22.	KAMOSOS PRIMARY SCHOOL	ACCESS BANK	170230003989	5000	500.00
23.	KAMOTYO PRIMARY SCHOOL	ACCESS BANK	170230004163	5000	-
24.	KAMUNGEI PRIMARY SCHOOL	ACCESS BANK	170230004152	50500	500.00
25.	KAPSIO PRIMARY SCHOOL	ACCESS BANK	170230003975	350000	500.00
26.	KAPTAMBOLIET PRIMARY SCHOOL	ACCESS BANK	170230004017	100000	1,000.00
27.	KAPTERER PRIMARY SCHOOL	ACCESS BANK	170230004162	500000	500.00
28.	KAPTOROKWO PRIMARY SCHOOL	ACCESS BANK	170230004157	23375	500.00
29.	KAPTWOLO SECONDARY SCHOOL	ACCESS BANK	170230003754	50000	18,910.00
30.	KERUNDUT SECONDARY SCHOOL	ACCESS BANK	170230003769	150000	827.00
31.	KESOSIO PRIMARY SCHOOL	ACCESS BANK	170230004007	500000	500.00
32.	KIMATISIO PRIMARY SCHOOL	KCB BANK	1338537067	400000	-
33.	KIMAYA PRIMARY SCHOOL	ACCESS BANK	170230003747	104.83	305.00
34.	KIMAYA SECONDARY SCHOOL	ACCESS BANK	170230003727	850000	-

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S/NO	PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
35.	KIMINDILIL PRIMARY SCHOOL	ACCESS BANK	170230003751	455197	500.00
36.	KINYOGI PRIMARY SCHOOL	ACCESS BANK	170230003898	450000	500.00
37.	KIPRICHEIT PRIMARY	ACCESS BANK	170230004053	1460.69	500.00
38.	KIPROROGET PRIMARY SCHOOL	ACCESS BANK	170230004075	1000500	500.00
39.	KIPSIMBOL CENTRE PRIMARY SCHOOL	ACCESS BANK	170230003857	300000	-
40.	KIPSIRAT PRIMARY SCHOOL	ACCESS BANK	170230000753	13448	-
41.	KIPTAGEI PRIMARY SCHOOL	ACCESS BANK	170230003756	809.34	500.00
42.	KIPTURGUT PRIMARY SCHOOL	ACCESS BANK	170230004055	20500	500.00
43.	KIRAMBEI PRIMARY SCHOOL	FAMILY BANK	84000036887	1300000	-
44.	KISABITA PRIMARY SCHOOL	KCB BANK	1131653017	156000	85.00
45.	LALWAT PRIMARY SCHOOL	ACCESS BANK	170230004016	200000	500.00
46.	LELBOINET PRIMARY SCHOOL	ACCESS BANK	1702000000038	100840.15	1,256.38
47.	MENGWET PRIMARY SCHOOL	ACCESS BANK	170230004026	12950	-
48.	MUGANGET PRIMARY SCHOOL	ACCESS BANK	170230003456	500000	-
49.	MUKENYI SECONDARY SCHOOL	ACCESS BANK	170230003768	1718.79	57,295.00
50.	NGWONET PRIMARY SCHOOL	KCB BANK	1259947130	301255	1,255.00
51.	NYAMBUGO SECONDARY SCHOOL	ACCESS BANK	170200000063	3629.97	9,440.57
52.	NYATEMBE PRIMARY SCHOOL	ACCESS BANK	170230004008	354	500.00

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S/NO	PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
53.	SARAMEK PRIMARY SCHOOL	ACCESS BANK	170230004161	300000	300.00
54.	SIMOTWET PRIMARY SCHOOL	ACCESS BANK	170230003902	140000	500.00
55.	SIONGIROI KMTC	ACCESS BANK	17101000000508	133624.9	1,243,884.90
56.	ST. SOFIA PRIMARY SCHOOL	ACCESS BANK	170230000156	1300000	-
57.	ST. THOMAS REBERWET	ACCESS BANK	170230003713	18913.56	450,499.56
58.	SUGURMERGA PRIMARY SCHOOL	ACCESS BANK	170230004041	485	500.00
	Total			15,230,317.58	1,902,881.03

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Annex 3: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Inconsistencies in the NGCDF Chairman's Report and Financial Balances</p> <p>Review of Chairman's report presented for audit revealed the following inconsistencies with the financial statements:</p> <p>The Chairman's report indicates amounts of Kshs.193,941,993 and Kshs.57,695,893 in respect of cumulative approved budget and undischursed amounts from the NGCDF Board respectively. However, the amounts differ with the approved budget of Kshs. 295,298,301 and undischursed receipts of Kshs. 69,283,100 as reflected in the summary statement of appropriation resulting to unexplained variances of Kshs. 101,356,308 and Kshs.</p>	<p>The chairman's report has since been rectified in respect to cumulative approved budget and undischursed amounts from the NGCDF Board respectively. Also the summary statement of appropriation has been adjusted accordingly in the amended financial statement.</p>	Resolved	

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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)
	11.587.207 respectively. Further, the NC-CDF Chairman's report indicate final budget amounts of Kshs. 5,522,000, Kshs. 10,268,250 and Kshs. 113,621,951 in respect of use of goods and services, committee expenses and other grants and transfers respectively. However the indicated budget amounts are at variance with those reflected in the summary statement of appropriation of Kshs. 10,268,250, Kshs.5,522,000 and Kshs.134,355,540 respectively	The chairman's report in respect to final budget under use of goods and services, committee expenses and other grants and services has been adjusted on statement of appropriation as amended in the financial statement.	Resolved	
	In addition, the report indicates actual payment amounts of Kshs. 3,264,493 and Kshs. 4,351,955 in respect of use of goods and services and committee expenses respectively. However, the indicated amounts differ with those reflected in the statement of receipts and payments of Kshs.4,51,955 and Kshs. 3,264,493 resulting to unexplained variance of	The actual payment amounts in respect to use of goods and services and committee expenses has been adjusted and the same has been reflected in the statement of receipts and payments. NOTE: A copy of amended financial statement has been provided as evidence for the	Resolved	

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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)
	Kshs. 1,087,462 for both use of goods and services and committee expenses.	above queries.		
	<p>Inaccuracies in the Statement of Receipts and Payments</p> <p>The statement of receipts and payments reflects other receipts amounting to Kshs.203,088,375 which is at variance with the Nil balance reflected in Note 3 to the financial statements. Further, the statement reflects Nil Balance in respect of total receipts. However, a recast of the statement confirms total receipts amounting to Kshs.203,088,375 resulting to an unexplained variance of Kshs.203,088,375.</p> <p>In the circumstances the accuracy and completeness of the amounts in the statement of receipts and payments could not be confirmed.</p>	<p>The nil balance stated in Note 3 was misstated and has since been adjusted to reflect receipts of Kshs. 203,088,375 hence the unexplained variance of Kshs. 203,088,375 has been corrected and the same amended in the statement of receipts and payments in the financial statement.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Annex 4 to the financial statements reflects a summary of fixed asset register balance of Kshs.26,068.00 which includes balance of Kshs.3,000,000 in respect of transport equipment whose opening balance of Kshs.3,000,000 differs with the previous year's closing balance of Kshs.448,000 resulting to an unexplained variance of Kshs.2,552,000.	The summary of fixed asset register balance in annex 4 have been rectified and amended in the financial statement. The NGCDF Chepalungu office has no ownership document of the land since the land which the office sits on is a government piece of land and the management has inquired for the same from the DCC office. Transport equipment ownership document has been attached for your verification.	Resolved	
	Inaccurate Statement of Compensation of Employees The statement of receipt and payments reflects payments amounting to Kshs. 3,232,930 in respect of compensation of employees as disclosed in Note 4 to the financial statements. However, review of the monthly payrolls revealed payments amounting to Kshs. 3,607,128 resulting to an unexplained and unreconciled variance of Kshs. 374,198.	The unexplained and unreconciled variance of Kshs. 374,198 was due to the under budget on administration and recurrent of employees' salaries. We have however make amendments of the same in this financial year 2024/2025 budget to avoid such occurrences	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>In the circumstances, the accuracy and completeness of compensation of employees payments of Kshs. 3,232,930 could not be confirmed.</p>			
	<p>Variance Between the Financial Statements and Disbursement Schedules</p> <p>The statement of receipts and payments reflects other grants and transfers amount of Kshs.110,684,356 which as disclosed in Note 8 to the financial statements includes bursary payments amounting to Kshs.97,601,847 out of which Kshs.58,442,003 and Kshs.39,159,844 was disbursed to secondary schools and tertiary institutions respectively. However, review of the bursary records including disbursement schedules revealed a variance of Kshs.19,463,713 as shown below:</p>	<p>The management has since rectified on other grants and transfers as disclosed in Note 8 to the financial statements in respect to bursary to secondary schools and bursary to tertiary institutions as amended in the financial statement. We have also put mechanism to avoid such anomalies in future.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Non-compliance with Reporting Requirements for Emergency Projects</p> <p>Criteria</p> <p>Section 7(3) of the Act defines emergency projects as urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents.</p> <p>Further, Regulation 20 (2) of the National Government Constituencies Development Fund Regulations, 2016 states that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format prescribed by the Board.</p>	<p>The management has provided request letters from the emergency beneficiaries institution and adhered to make payments as to future emergencies as required.</p>		

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Name Felix Ntutu
 Fund Account Manager.