

REPUBLIC OF KENYA




REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

| | |
|---|---------------------------|
|  THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 17 FEB 2026 | DAY: TUESDAY |
| TABLED BY: OF | DEPUTY MAJORITY LEADER |
| CLERK-AT THE-TABLE: | FINLATI |

THE AUDITOR-GENERAL

ON

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

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

BORABU 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)
Borabu Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025*

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Constituency Information and Management

(a) Background information

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

Mandate

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

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

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

Vision

Equitable Socio-economic development country wide.

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

The NGCDF Borabu 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 | Edwin Wangila Lecha |
| 2. | National Sub-County Accountant | Tom Mboya Osingo |
| 3. | Chairman NGCDFC | Denis Rosana Oroo |
| 4. | Member NGCDFC | Teresa Mateni |
| 5. | Member NG CDFC | Casper Nyabuti (deposit bank account) |

(c) Fiduciary Oversight Arrangements

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

(d) NGCDF Borabu Constituency Headquarters

Borabu NG-CDFC Building,
Borabu DCC Head Quarters,
Borabu DCC road,
P.O Box **11-40502** Nyansiongo

(e) NGCDF Borabu Constituency Contacts

Borabu NG-CDFC Building,
Borabu DCC Head Quarters,
Borabu DCC road,
P.O Box **11-40502** Nyansiongo Telephone: (254) 714 836 279
E-mail: cdfborabu@ngcdf.go.ke
Website: [Websitehttp://www.ngcdf.go.ke](http://www.ngcdf.go.ke)

(f) NGCDF Borabu Constituency Bankers

1. Borabu NG-CDF-Operational account
Equity Bank Keroka Branch
P.O. Box 75104-00200
Keroka
2. Borabu NG-CDF Deposit Account
Equity Bank of Kenya
P.O. Box 75104-00200
Nairobi
3. Project management committee Accounts
Equity Bank Keroka Branch
P.O Box 75104-00200
Nairobi

KCB Bank Keroka Branch Branch
P.O Box 48400-00100
Nairobi

Co-operative Bank
P.o Box 48,231-00100
Nairobi

(g) Independent Auditor

Auditor General
Office of the Auditor General

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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

| Name | Details |
|---|--|
|  Denis Rosana Ooro Chairman | <p>He was born on 1st January 1969. He is a retired Councilor. He has an O'level qualification. He joined Borabu constituency in December 2022 as a male adult representative and the chairperson of NG-CDFC Borabu</p> |
|  Teresa Kemuma Mateni Secretary | <p>She was born in 1983. She has a certificate in medical studies. She joined Borabu constituency in December 2022 as the female adult representative and secretary of the NG-CDFC Borabu.</p> |
|  Peter Onyango Member | <p>He was Born on 1st January 1972 He holds a Bachelor of arts in counseling Psychology. He joined Borabu constituency in June 2025 as the male adult representative of the NG-CDFC Borabu.</p> |
|  Casper Nyabuti Member | <p>He was born on 16th April 1992. He has an O'level qualification and joined Borabu constituency in December 2022 as a male youth representative of the NG-CDFC Borabu.</p> |

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| | |
|--|--|
|  George Onchino Member | <p>He was born on 20th December 1978. He has a P1 teacher qualification. He joined Borabu constituency in December 2022 as the representative for people living with disabilities member of the NG-CDFC Borabu.</p> |
|  Gaudencia Nyakundi Member | <p>She was born on 24th June 1999 and holds a degree in Public administration. She joined Borabu constituency in December 2022 as the female youth representative member of the NG-CDFC Borabu.</p> |
|  Everline Bosibori Obiero Member | <p>She was Born on 16th January 1982 and holds a diploma in Information Technology. she joined Borabu constituency in December 2022 as the co-opted member of the NG-CDFC Borabu.</p> |
|  Josephine Nyariki Member | <p>She is a female adult representative born on 8th December 1975. He has an O'level qualification. He joined Borabu constituency in December 2022.</p> |
|  Stanley Kamande Member | <p>He was born on 1st January 1974 and is the Deputy County commissioner. He holds a Bachelor of arts degree and a masters degree in public administration. He joined Borabu NG-CDFC in June 2024.</p> |

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Edwin Wangila Lecha
Member

He was born on 29th May 1979 and is Fund Account manager.
He is a member of the NG-CDF committee as an ex-official.
He holds bachelor's degree in Commerce(Accounting option) and a Master's degree in Finance.

4. NG-CDFC Chairman's Report



**Cllr. Denis Rosana Oroo
Chairman Borabu NGCDF Committee**

Being the chair of the body formulating policies and overseeing the expenditure of the funds received by the constituency from the board, I am pleased to present to you the annual report and financial statement for the year ended 30th June 2025. The financial statements set out below were prepared on accrual basis of accounting regulated by the international public sector accounting standards.

Borabu NG-CDF aspires to be the best constituency in utilization of NGCDF funds in meeting the objectives of the fund that eventually leads to development in the lowest level of the nation. This is achieved by the constituency through satisfying the community needs and promoting good governance in management of the fund. The establishment of the fund was

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centered on channeling funds to grass root communities by enabling them to implement the projects identified through public participation.

We have had notable success in implementation of projects especially those that transform lives of our community in the constituency through areas such as Education, security, climate change mitigation and bursary awards to needy students within Borabu constituency.

In the current financial year, Borabu NG-CDF had a total budget allocation of ksh. 170,469,857 presented to the Board. In general, the NG-CDF received a total of ksh. 175,105,098 where ksh. 130,000,000 relates to the ended financial 2024-2025 whereas the remaining ksh. 45,105,098 relates to the previous financial year. Compared to the previous financial year, Borabu NG-CDF Received 76% of funds from the board an increase of 3%.

Despite the delay in disbursement of funds, we have been able to implement and complete more than 70% of projects. A number of schools (both primary and secondary) were renovated and construction of new class rooms done. We were able to expand infrastructure, mainly classrooms, in the existing schools. The fund was able to allocate funds to Borabu Teachers Training College to fasten completion of construction of a mega tuition block. Through the fund, Borabu NG-CDF has ensured establishment of new security offices such as Amatierio Chiefs office and Ensakia location assistant chiefs office. There has been improvement in the environmental activities that has enhanced climate change mitigation through afforestation and supply of water tanks to institutions.

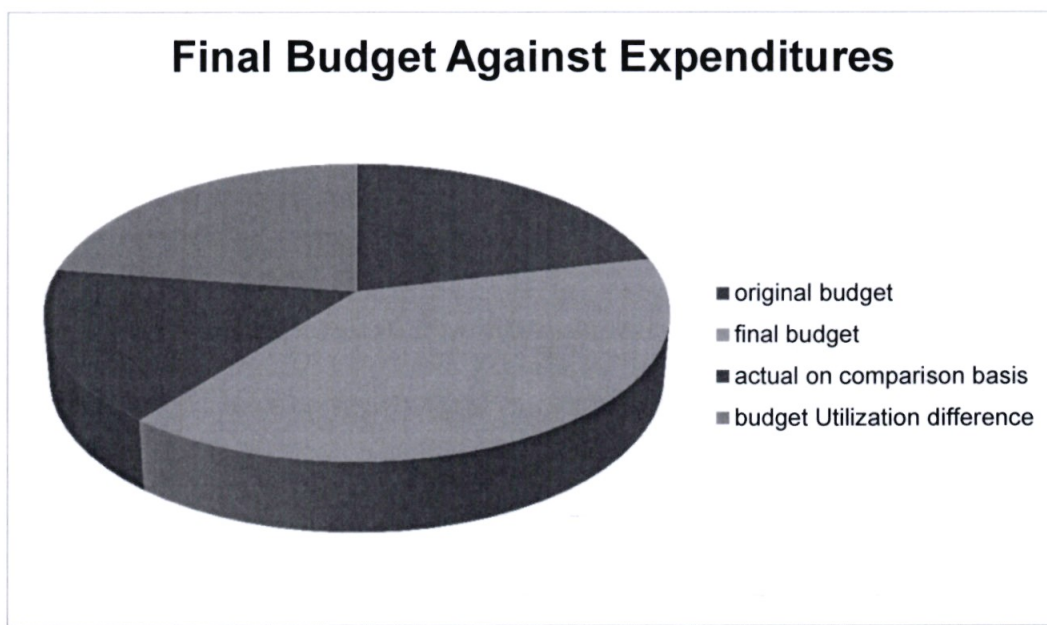
Despite the successes achieved, there were challenges encountered along the way. This includes delays in disbursement of funds from the CDF Board, low capacity to implement projects by the PMCs hence there is need for training and inadequate allocation by the NG-CDF Board which makes it impossible to implement the number of projects proposed by the community. It also leads to little allocation to projects hence unable to complete all the budgeted projects in one financial year.

a. Pie chart showing utilization difference against total budget.

| | |
|----------------------------|-------------|
| Original Budget | 170,469,857 |
| Final Budget | 229,594,275 |
| Actual on Comparable Basis | 185,450,116 |

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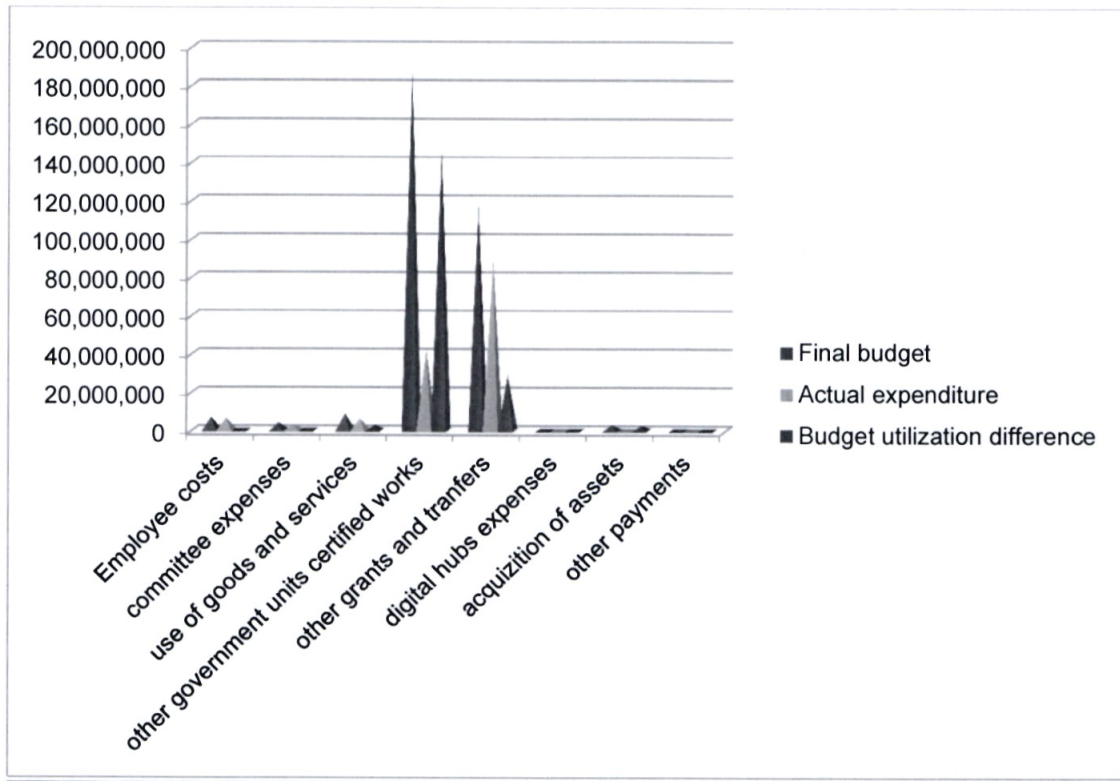
| | |
|-------------------------------|------------|
| Budget Utilization Difference | 44,144,159 |
|-------------------------------|------------|



b. Bar chart showing utilization difference against total budget.

| Expenses | Final budget | Actual expenditure | Budget utilization difference |
|--|--------------|--------------------|-------------------------------|
| Employee costs | 6,112,873 | 3,187,112 | 2,925,761 |
| Committee expenses | 3,931,200 | 3,931,200 | - |
| Use of Goods and Services | 7,396,030 | 7,484,581 | (88,552) |
| Other Government Units Certified Works | 108,142,162 | 68,087,897 | 40,054,266 |
| Other Grants and Transfers | 93,139,098 | 79,109,043 | 14,030,055 |
| Digital Hubs Expenses | 3,486,912 | 1,498,802 | 1,988,110 |
| Acquisition of assets | 5,582,000 | 2,181,189 | 3,400,811 |
| Other payments | 1,804,000 | - | 1,804,000 |

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From the above analysis the performance of Borabu NG-CDF has been commendable given the circumstances and this was as a result of team work among the NG-CDFC and other stakeholders.

The construction of additional classrooms reduced the challenges that the various schools were facing more so the Junior Secondary schools

Bursaries issued to other 5,000 students across the constituency enabled the needy students to learn without interruptions

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KEY ACHIEVEMENTS

The following are some of the key projects that have been undertaken.



Project 1: Amatierio Sub-location Assistant Chief's office: Construction of a two unit office, reception and verandah



Project 2: Borabu Teachers Training College: Construction of a tuition block 1st floor.



Project 3: Memisi Anti Stock Theft Unit: Construction of 13 staff units

Emerging issues

The following are some of the emerging issues that are experienced as a result of the current economy.

1. Restructuring of the Education Funding

The move by the government to restructure the education funding for the tertiary institutions through changing of the HELB funding structure has brought a lot of pressure to the NGCDF Bursary Funds as many students are now seeking for scholarships from the constituency to enable them continue with their studies

2. Junior Secondary School

The introduction of the Junior Secondary School through the CBC Education system has brought a lot of pressure to the existing facilities in various primary schools. There is need for construction and equipping of new classrooms and laboratories to accommodate the students.

3. Inflation Rates

With the current economic position where the rate of exchange of Kenyan shillings to dollar continues to rise, there has been an increase in the cost of construction materials. Hence those projects that were submitted to the board before inflation may not be completed with the original budgeted cost necessitating need for variations and additional funding.

Challenges and solutions

- Many projects delayed due to late disbursement of public funds. We hope that this will improve to enable us do the projects in time. We have however been able to utilize the funds adequately as they are disbursed by the Board
- There is also a challenge in the education funds set for bursary. The number of needy students within Borabu constituency is too high compared to the available funds for the same. We wish to increase the amount allocated to bursary funds in the coming financial years.
- Getting Acknowledgement Receipts from the members of the Public when they are issued with bursary has been a challenge. We have been able to disburse combined cheque to those schools that are closer or where students are many in one school and this has enabled us get a few Bursary Acknowledgement Receipts and hence meet the requirements set for the same. We have also been doing civic education and awareness of the need for the bursary beneficiaries to bring back bursary acknowledgement receipts from the institutions once they have collected their cheques and taken them to schools.

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

Way forward

As we appreciate the continued support from the National Government in making slight additions to the kitty, we however regrettably wish to say that it's not enough to assist the constituency make the rapid anticipated challenge of providing proper infrastructure for the education sector and security organs. The National Government should seriously consider the re-introduction of the poverty index scheme for the distribution of the national cake.

- It's common knowledge that there are certain pocket of regions in this country that have a high poverty index like Luanda and they have to be jump started economically to catch up with region that have huge strides in matters development.
- We remain committed as a committee to ensure that the fund makes the expected impact in the constituency in terms of enabling needy and bright students attend and complete their formal education in a convenient environment.
- We are also focused to ensure our constituency achieve the lowest regional and national crime indices

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.....
Name *Denis Orod*
Chairman NGCDF Committee

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

Introduction

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

The key development objectives of the **NGCDF Borabu Constituency 2022-2027** plan are:

1. To improve on security issues within the constituency and facilitate access to electricity to villages within the constituency.
2. To improve infrastructure in learning institutions and facilitate uninterrupted learning to needy students within the constituency through issuance of bursaries.
3. To provide aid in case of emergencies
4. To curb soil erosion and promote planting of environment friendly trees to improve forest cover within the constituency.

Progress on the attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:
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 2024/2025- Borabu NG-CDF Constructed 2 JSS class rooms each in the Endemu Primary, Menyanya primary and Nyansakia Primary school. We renovated 2 class rooms each in the following primary schools Ensakia primary, manga primary and Kekinga |

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| | | | | |
|-------------|--|--|---------------------------------------|--|
| | | | | <p>primary. We also renovated 5 classrooms each in Ensakia primary, 4 classrooms in Rietago Primary, 3 class rooms at Memisi primary, and 3 class rooms at Memisi DEB Primary school. Construction of a tuition block floor first floor is also on course at Borabu teachers training college.</p> <p>- There are on going construction works for a dormitory at Kiabonyoru girls secondary school and a laboratory at Tindereti secondary school.</p> <p>- approximately 6,000 students benefited in secondary schools and 27,000 in tertiary institutions.</p> |
| Security | To have modern police station and post at the constituency | Access quality police services and reduce crime rate | Number of crime reported | Borabu CDF built Amatierio Assistant chiefs office, Ensakia chiefs office, Memisi Anti stock Theft unit staff houses, Riontonyi police statio and Riogeto police station staff houses among others. |
| Environment | Have clean and healthy environment | Access to good sanitation facilities | No of sanitary facilities constructed | Borabu NG-CDF office did afforestation in the selected Public institutions, purchased 5000 litre/10,000 litre water tanks for 43 |

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| | | | | |
|-----------|---|--|---|---|
| | | | | institutions and installed a solar power system at the NG-CDF office. |
| Emergency | To cater for unforeseen occurrences in the constituency | Preparedness and ready for any unforeseen events and occurrences | No of unbudgeted projects in the constituency | Borabu NG CDF catered for unforeseen events in the education and security sectors the office constructed one 6 door pit latrines at Tindereti Secondary school, Renovation of 6 class rooms at St Andrews Kaggwa primary school and renovated two class rooms at Mekenene Primary school. |

6. Governance Statement

Introduction

The National Government Constituencies Development Fund Act 2015 (Amended 2016) in section 43(1), (2), (3) and 57(1) and its regulations, provides for establishment of National Government Constituency Development Committee (NG-CDFC) for every constituency. The officer of the board facilitated the process of nomination of the NG CDFC for onward forwarding to the board for appointment through gazette notice.

In this regard section 5 and 6 of NG CDF regulations provides for procedure for nomination of the five members of the NG CDFC as outlined in section 43 (2) paragraph (b), (c), and (d) of the principal Act through a selection panel composed of:

- a) One person nominated by national Government official in charge of Sub County or designated representative who shall chair the panel
- b) Officer of the Board seconded to the constituency who is be the secretary of the selection panel
- c) Two persons one of either gender nominated by the constituency office (established under regulations made pursuant to the parliamentary service act)

Further the NG-CDF regulations require that one to serve as member of the NGCDF committee he or she must be;

- a) citizen of Kenya
- b) ordinarily resident voter of the constituency
- c) able to read and write and communicate in English and Kiswahili
- d) meet the chapter six of the constitution
- e) Available to participate in the activities of the constituency
- f) For youth nominee he or she must have attained age of 18 years but below age of 35yrs and
- g) For persons with disability nominee must be nominated by a registered group representing persons with disability within the constituency.

Appointment of National Government Constituency Development Fund Committee

- (1) There is established a National Government Constituency Development Fund Committee for every constituency.
- (2) Each 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;

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- (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 subsection (2)(b), (c), (d) and (e) shall be selected in such manner and shall have such qualifications as the Board may, by Regulations, prescribe.
- (4) The names of the persons selected under subsection (3) shall be submitted by the Board to the National Assembly for approval before appointment and gazettelement by the Board.
- (5) The Regulations made under subsection (3) shall be submitted to the National Assembly for approval before publication by the Board.
- (6) The first meeting of the Constituency Committee shall be convened within one hundred and twenty days of the commencement of a new term of Parliament or the date of the holding of a by-election, by the national government official at the constituency or in his or her absence, by an officer of the Board seconded to the constituency.
- (7) The quorum of the Constituency Committee shall be one half of the total membership.
- (8) 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.
- (9) The Fund account manager seconded by the Board to the constituency shall be the custodian of all records and equipment of the constituency during the term of Parliament and during transitions occasioned by general elections or a by-election.
- (10) Whenever a vacancy occurs in the Constituency Committee by reason of resignation, incapacitation or demise of a member the vacancy shall be filled from the same category of persons where the vacancy has occurred within a period of one hundred and twenty days.
- (11) The Constituency Committee shall meet at least six times in a year but the committee shall not hold more than twenty-four meetings in the same financial year, including sub-committee meetings.

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Process of Formation of the NGCDF Committee

To facilitate this, the selection panel invited interested and qualified members of the public for appointment to the NG-CDF committee. The panel invited the public through advertisement publicized in churches, public offices notice boards at the chiefs and assistant Chiefs offices and other public areas in the constituency.

The selection panel developed a short listing criterion which enabled identification of the nominees for interviews. Two additional nominees were proposed by Borabu Constituency Office as per section 43 of the NG-CDF Act, 2015.

| NO | NAME | CATEGORY | WARD |
|----|-------------------|----------------|------------|
| 1. | Teresa Mateni | Female (Adult) | Kiabonyoru |
| 2. | Denis Rosana Oroi | Male(Adult) | Esise |

Nominee of the Body representing Persons with Disability

| NO | NAME | NOMINATING ORGANIZATION | NATURE OF PHYSICAL IMPAIRMENT | WARD |
|----|----------------|-------------------------|-------------------------------|------------|
| 1. | George Onchino | Borabu Special SHG | Crippled | Kiabonyoru |

CO-opted member

| NO | NAME | CATEGORY | OCCUPATION | WARD |
|----|-------------------|----------|------------|----------|
| 1. | Everline Bosibori | Female | Business | Mekenene |

Nominee of the Constituency Office

| NO | NAME | CATEGORY | OCCUPATION | WARD |
|----|-------------------|----------|------------|------------|
| 1. | Josephine Nyariki | Female | Business | Nyansiongo |

The list of the selected and recommended members was forwarded to the NG-CDF Board is as below.

| Name | Category | Statutory Provision Under Ng-Cdf |
|--------------------|-----------------------------|---|
| Denis Rosana Oroi | Male Adult Representative | Appointment, Pursuant To Sect. 43(2)(B) |
| Peter Onyango | Male Adult Representative | Appointment, Pursuant To Sect. 43(2)(B) |
| Gaudencia Nyakundi | Female Youth Representative | Appointment, Pursuant To Sect. 43(2)(C) |

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| | | |
|-------------------|--|---|
| Teresa Mateni | Female Adult Representative | Appointment, Pursuant To Sect. 43(2)(C) |
| George Onchino | Representative Of Persons Living With Disabilities | Appointment, Pursuant To Sect. 43(2)(D) |
| Casper Nyabuti | Male Youth Representative | Appointment, Pursuant To Sect. 43(2)(E) |
| Josephine Nyariki | Female Adult Representative | Appointment, Pursuant To Sect. 43(2)(E) |

The above committee was gazetted on 21st May 2025 by the Chief Executive Officer of the Board via Gazette Notice Vol. CXXVII-No. 98

The members took over the office on the first meeting on 23rd June 2025 and went through the process electing the chairperson and the secretary of the committee. The following members were elected.

1. Chairperson **-Mr. Denis Rosana Oroo** ID No. 0234431
2. Secretary **-Mrs. Teresa Mateni** ID No. 184564

During its first meeting, a Constituency Committee established Sub-Committees necessary for the proper performance of its functions in accordance with the guidelines issued by the Board. The two sub-committee are as follows:

- i. Bursary Sub Committee
- ii. Monitoring and evaluation Sub Committee

The following were appointed to the different committee

a. Bursary committee

1. Everline Bosibori - Chairperson
2. Gaudencia Nyabuti - Secretary
3. Casper Nyabuti - Member

b. Monitoring and evaluation Sub Committee

1. George Onchino - Chair
2. Josephine Nyariki - Member
3. Peter Onyango - Member

The chairperson and the secretary are members of all the committees. The DCC is the member of the complaints committee, while representative from the ministry of education office is also co-opted to be in the Bursary committee.

The NG-CDF tenure

The term of office for the members of the Constituency Committee is two years and will be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act. The outgoing committee handed over the office on 23rd June 2025 and the incoming committee became active immediately for a period of two years till 23rd June 2027 as per the constituency guidelines.

Roles and functions of NG-CDFC

The functions of the National Government Constituency Development Fund Committees members as stipulated in NG-CDF Regulations 2016(11) are;

- Convene public meetings in every ward in the constituency to deliberate to on development matters.
- Deliberate on project proposals and any other projects considers beneficial to constituency.
- List of projects to be submitted in accordance with the Act to be submitted to the to the Board and ensure that all proposed projects that are approved for funding meet the requirements of section 24 of the Act.
- Ensure formation of project management committees, opening of project accounts, project implementation and closure of projects build the capacity of project management committees and sensitize the Community on the operations of the Fund
- Ensure that all projects receive adequate funding and are completed within three years.
- Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board.
- Submit financial statements to the Board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act.
- Recommend to the Board the removal of a committee member in accordance with section 43(13) and (14) of the Act.

- Enter into performance contracting with the Board on an annual basis.

Removal of NG-CDFC Members

Section 43(13) of the Act provides that a member of the Constituency Committee may be removed from office on any one or more of the following grounds-

- (i) lack of integrity;
- (ii) gross misconduct;
- (iii) embezzlement of public funds;
- (iv) bringing the committee into disrepute through unbecoming personal public conduct;
- (v) promoting unethical practices
- (vi) causing disharmony within the committee;
- (vii) Physical or mental infirmity.

A decision to remove a member under subsection (13) is made through a resolution of at least five members of the Committee and the member ought to be removed shall be given a fair hearing before the resolution is made.

In Borabu the NG-CDFC no member has been found to have contravened the laid down regulations and law to warrant removal.

Handing over

The handing over of office by the outgoing NG-CDF Committee to the incoming committee was carried out smoothly on 23rd June 2025.

Training of NG-CDFC Members

In the financial year 2024/2025 the NGCDF Board organized training of NGCDFC members.

During the training, critical areas were handled. This enabled the committee to acquire knowledge and skills to ensure effective and efficient management of NG-CDF Borabu.

Trained issues were as stated below:

1. Strategic Planning & Performance Contracting
2. Rationale for Strategic Planning & PC at NG-CDF
3. Complaints handling mechanism
4. Conduct of meetings and minute writing
5. Minutes filing

6. Effective Communication and ICT Solutions
7. Brand Management
8. Project Cycle Management in NG-CDF operations
9. Technical aspects of Project Planning and Management
10. Architectural plan
11. Bill of Quantities description, interpretation and utilization in Project
12. Technical aspects of Project Planning and Management
13. Monitoring and Evaluation of NG-CDF Projects
14. Taxation in NG-CDF operations
15. Public Finance Management in NG-CDF Operations
16. Role of the committee in financial management.

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Number of Meetings Held

According to the NG-CDF Act 2015, Section 43(1), the NGCDF Committee is required to hold a maximum of 24 meetings in a year including any subcommittee meetings. Borabu Constituency Held a total of 12 meetings in the financial year 2024-2025 and the attendance was as follows.

| NO | NG-CDFC COMMITTEE MEMBERS | 23rd July 2024 | 8th August 2024 | 14th Nov 2024 | 2nd Jan 2024 | 17th Dec 2024 | 30th Jan 2025 | 4th Feb 2025 | 16th Feb 2025 | 18th Feb 2025 | 28th Feb 2025 | 8th April 2025 | 11th June 2025 |
|----|-----------------------------|----------------|-----------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|---------------|----------------|----------------|
| 1 | Denis Rosana Oroo-Chair | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 2 | Teresa Mateni-Secretary | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 3 | Casper Nyabuti-Member | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 4 | Josephine Nyariki-Secretary | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 6 | Stanley Kamande-DCC | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 8 | George Onchino-member | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 9 | Everline Bosibori-Member | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 10 | Gaudencia Nyakundi-member | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |

Ethics & Conduct

Members of NGCDFC are required to observe the following ethical issues

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

During the financial year 2024/2025, most members of NGCDFC Borabu adhered to the above ethical issues

Members Remuneration

NG-CDFC members are not entitled to payment of salary. However, the chairperson of NG-CDFC is entitled to an allowance Ksh. 7,000 per meeting and all other members an allowance of Ksh. 5,000 per sitting. All NGCDFC members should adhere to general ethics and code of conduct as stipulated in the NGCDF Act.

In this financial year the NGCDFC members adhered to the cabinet secretary's circular on members sitting and field allowances.

Disclose policy on conflict of interest

A member who has an interest in any contract, or other matter present at a meeting shall at the meeting and as soon as reasonably practicable after the commencement, disclose the fact thereof and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter. A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made. In the financial year 2024/2025 no member of NG-CDFC Borabu contravened conflict of interest policy.

Risk management

Risk management has been integrated in the constituency operations through the following: training of the NGCDF staff in their respective technical areas of service to ensure they carry out their roles efficiently, training of the NGCDFCs and the PMCs to equip them with additional knowledge to carry out their duties efficiently within their mandates and regulations, the Fund account manager avails himself with all the support and required resources to ensure that the identified risk does not hamper with the delivery of service.

Some of the risk mitigation strategies that NGCDFC Borabu has implemented include the following: Implementing audit findings and recommendations, adherence and compliance with NGCDF act 2015 and other laws and regulations to ensure an effective and efficient control system, ensuring that NGCDFC members are actively engaged in the projects implementations and overall fund utilization in the constituency, ensuring that the staff responsible for statutory deductions are well aware of the due dates of remittance, allocating insurance fund in the constituency budget, preparation of procurement plan, budget and Monitoring & evaluation plan for the financial year. Conducting public participation within the prescribed time lines to ensure the constituents are involved in project identification.

7. Management Discussion and Analysis

The National Government Constituency Development Fund has been instrumental in Kenya’s development. As it has allocated billions of shillings to various constituencies since its inception. Here’s an overview of Borabu NG-CDF operational and financial performance over the past five years.

| Financial Year | Amount allocated | AMOUNT DISBURSED | EXPENDITURE |
|----------------|--------------------|--------------------|-------------|
| 2020/2021 | 137,088,879 | 88,900,000 | 88,900,000 |
| 2021/2022 | 137,088,879 | 137,088,879 | 137,088,879 |
| 2022/2023 | 145,087,603 | 87,000,000 | 87,000,000 |
| 2023/2024 | 178,023,553 | 130,318,455 | 130,318,455 |
| 2024/2025 | 170,468,867 | 130,000,000 | 130,000,000 |

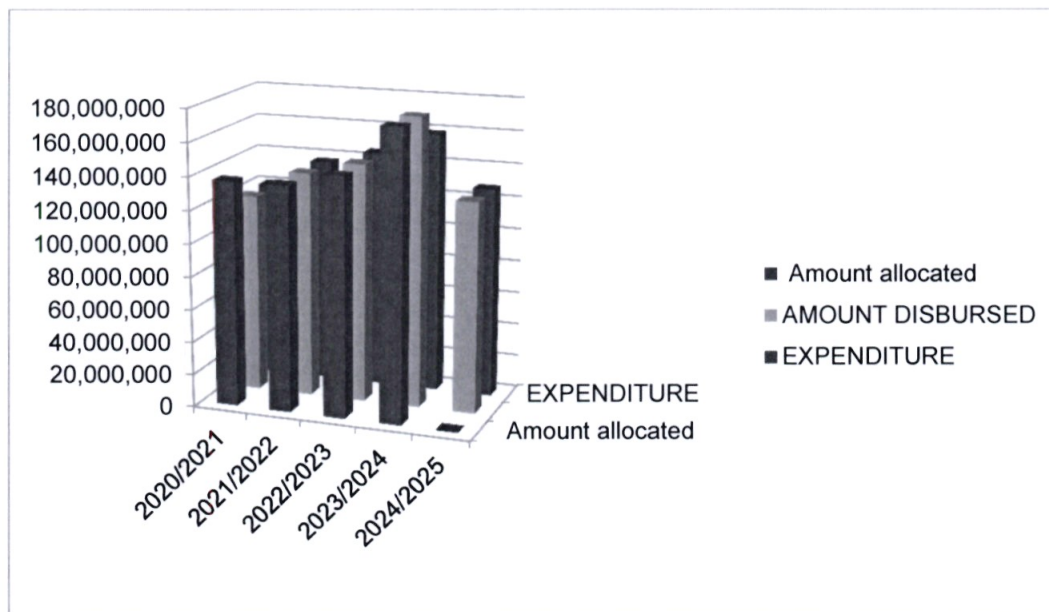


Figure 1. Borabu NG-CDF Financial Performance

Operational Performance:

Borabu 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.

Key projects implemented or On-going.

1. Riensune Primary school

Background information of Riensune Primary School

Riensune primary school has been in existence for over 20 years and the tuition block was old and dilapidated.

Location

This project is situated at Nyansiongo location and Nyansiongo Ward.

Activities done

- i. Renovation of Riensune primary school

Summary of funding for the Administration Block Project:

| Financial Year | Amount Disbursed | Contract (Kshs) | Sum | Project Start Date | Project Status |
|----------------|------------------|-----------------|-----|--------------------|--------------------------|
| 2022/2023 | 3,700,000 | 6,600,000 | | March 2023 | Complete and handed over |
| 2023/2024 | 2,900,000 | | | | |

Anticipated Project Impact

1. Increased enrolment of students within constituency
2. Improved student welfare and learning conditions within the school



2. Nyansingo ward ICT Hub

Background information of Nyansiongo ward ICT Hub

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Nyansiongo ward ICT Hub is situated in Nyansiongo ward. The building was an old DCC office which was renovated into an ICT Hub for young people to explore the internet and its benefits.

Activities done

- i. Renovation of Nyansiongo ward ICT Hub

Summary of funding for the Administration Block Project:

| Financial Year | Amount Disbursed | Contract (Kshs) | Sum | Project Start Date | Project Status |
|----------------|------------------|-----------------|-----|--------------------|--------------------------------|
| 2023/2024 | 800,000 | 1,600,000 | | November 2024 | Complete and to be handed over |
| 2024/2025 | 800,000 | | | | |

Anticipated Project Impact

1. Curb drug addiction and crime by engaging the youth.
2. Source of employment by exploring internet capabilities



Compliance with statutory requirements

Borabu NG-CDF is an entity that is fully guided by the constitution of Kenya 2010, NGOCDF Act 2015, PFM Act 2012, PPADA2015 and many other relevant laws and has been in full compliance of the same.

Borabu NG-CDF has been able to meet its obligations for instance payment of taxes like VAT withholding tax, Pay as you Earn tax among others and the constituency is committed to operate within the law even in the future.

Major Risks facing the Fund

Despite its successes, NG-CDF faces challenges such as:

1. Delayed Disbursement of funds- NG-CDF has faced challenges with delayed disbursement of funds from National Treasury, which affects project implementation and service delivery
2. Inadequate Budget Allocation- The funds allocation is based on the percentage of the national revenue, which may not be sufficient to meet the development needs of constituencies.
3. Fiscal pressure- The country's fiscal pressure such as debt repayment can impact availability of funds for NG-CDF
4. Institutional Challenges- NG-CDF faces institutional challenges that hinder effective utilization of funds, including inadequate monitoring and evaluation.

Fund's Review on Economy

NG-CDF has been a crucial factor in Kenya's economic development, particularly at the grassroots level. Here's a review of its economic impact:

- Funding Allocation- NG-CDF allocates funds directly to constituencies, supporting local development projects in education, infrastructure, and other essential services.
- Development projects: The fund has implemented various projects including construction of schools improving living standards and access to basic services.
- Economic Growth: By investing in local projects, NG-CDF contributes to economic growth, job creation, and poverty reduction in constituencies.

Future Development of the Fund

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.

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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.

.....
Name
Fund Account Manager

[Handwritten signature]
FUND ACCOUNT MANAGER
BORABU - CDF
Date: *20.08.25*
P.O. Box 144050Z
NYANSIONG

8. Environmental and Sustainability Reporting

Borabu NGCDF is committed to climate change mitigation and environmental conservation as envisaged in its service charter.

In this regard, the constituency through the NG-CDFC allocated sufficient funds towards planting indigenous trees in most public Institutions as a response to sustainable environmental conservation, installation of a solar panel at Borabu NG-CDF office and purchase of water tanks in assorted public institutions within the constituency.

1. Sustainability strategy and profile -

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

- a. **Education and Training:** Borabu 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, installation of a solar panel at Borabu NG-CDF Office and purchase and installation of water tanks at assorted public institutions within the constituency.

2. Environmental performance

Environmental matters relate to mitigation of the climate change effects that has been put forward as a government agenda. The recent amendment of NGCDF Act 2015 to increase the allocation to climate change mitigation activities from 2% to 5% has ensured this objective is achieved through the NGCDF Fund. Luanda NG-CDF in its 2024-2025 planted 6000 seedlings in selected areas, installed a solar panel at the NG-CDF office and purchased water tanks for assorted institutions in the constituency.

Employee welfare

We invest in providing the best working environment for our employees. The constituency's 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. Luanda 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.

3. Marketplace practices-

Borabu Constituency is committed to fair and ethical market practices.

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

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

NGCDF has put in efforts to ensure:

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

4. Community Engagements-

The Constituency endeavors 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

Luanda 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.

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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.

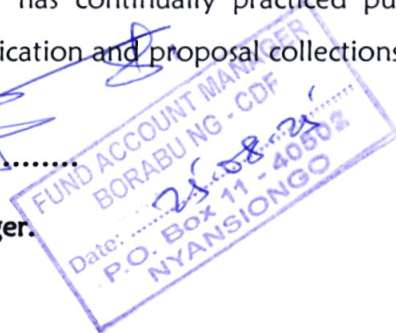
The NG-CDFC engaged the community through community leaders during the bursary program to identify the needy students to be awarded the bursary.

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.

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

.....
Edwin Lecha
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-Borabu 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 maintain 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-Borabu 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- Luanda 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.

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

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

Approval of the financial statements

The NGCDF- Borabu Constituency financial statements were approved and signed by the Accounting Officer on 25.08 2025.

.....
DR
Name: DENIS OYOO
Chairman – NGCDF Committee

.....
EDW
Name: EDW
Fund Account Manager

FUND ACCOUNT MANAGER
BORABU NGCDF
P.O. BOX 11 - 40502
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HEADQUARTERS
Anniversary Towers
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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund - Borabu Constituency set out on pages

1 to 72, 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 - Borabu 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 Public Finance Management Act, 2012, the National Treasury and Economic Planning Circular No.3 of 14 April, 2025 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0. Misclassification of Expenditure

The statement of financial performance reflects committee expenses amounting to Kshs.3,931,200 as disclosed in Note 11 to the financial statements. The amount includes Kshs.73,000, being surrender of imprest issued for the payment of staff allowances for proposal of public participation at the rate of Kshs.2000 per staff. The expense was wrongly classified as committee expenses. In addition, the staff were paid allowances contrary to SRC/ADM/11(156) dated 7 August, 2023 which recommended sitting allowances to cease for employees of the institution.

In the circumstances, the expenditure was misclassified.

2.0. Misstatement of Use of Goods and Services Amount

i) The statement of financial performance reflects use of goods and services amount of Kshs.7,484,785. Included in the amount is utilities, supplies and services amounting to Kshs.509,483 as disclosed in Note 12 to the financial statements. Review of the procurement documents and payment details revealed that expenditure of Kshs.30,000 was for cleaning services for the month of June, 2024. The expenditure relates to the financial year 2023/2024 and has overstated utilities, supplies and services amount by Kshs.30,000.

In addition, the VAT of Kshs.518 was not charged resulting in understatement of utilities by Kshs.518.

In the circumstances, the accuracy and completeness of the use of goods and services amount of Kshs.7,484,785. could not be confirmed.

3.0. Expenditure Charged to Wrong Accounts

The statement of financial performance reflects use of goods and services amount of Kshs.7,484,785. Review of payment records revealed expenditure of Kshs.3,652,701 relating to other expenditure items was wrongly charged to this account.

In addition, review of expenditure charged to use of goods and services account revealed the issues noted below.

- i. An imprest of Kshs.140,000 for monitoring and evaluation allowances and meals. Was duplicated and issued vide two different warrants, resulting in double payment.
- ii. An employee was issued with an imprest of Kshs.293,000 for transport and travel allowance. However, the supporting schedule for the allowances amounted to Kshs.135,000 resulting in unsupported amount of Kshs.158,000.
- iii. An employee was issued with imprest of Kshs.192,000, out of which Kshs.92,000 was for domestic subsistence allowance. The expenditure was not supported with invitation letter and travelling documents.
- iv. An expenditure of Kshs.100,000 for the supply of printed envelopes was through cash and electronic tax receipts (ETR) were not attached.
- v. Payment of Kshs.199,000 was incurred on air time allowances of Kshs.90,000 and supply of stationery of Kshs.99,000. Thus, Kshs.10,000 was not accounted for and the relevant documents were not provided for audit review.

In the circumstances, the accuracy and completeness of the expenditure on use of goods and services of Kshs.7,484,785 could not be confirmed.

4.0. Unsupported Fuel Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.7,484,785, which includes fuel, oil and lubricants amount of Kshs.1,152,391 as disclosed in Note 12 to the financial statements. However, review of the payment records revealed that the expenditure was not supported with the detailed orders, work tickets, fuel register and customer statements.

Further, the supplier was paid Kshs.335,602 but the invoices attached amounted to Kshs.235,602 resulting in unaccounted for expenditure of Kshs.100,000.

In addition, two (2) private motor vehicles drew fuel amounting to Kshs.14,464 and Kshs.5,000 irregularly.

In the circumstances, the propriety of the expenditure of Kshs.1,152,391 could not be confirmed.

5.0. Unaccounted for Transfers to other Government Units

The statement of financial performance reflects transfers to other government Units of Kshs.70,366,882 which includes transfers to primary schools of Kshs.55,206,813 as disclosed in Note 13 to the financial statements. Further, the amount includes transfers of Kshs1,998,000 to Rietego Primary school for the renovation to completion of 4 classrooms. However, the disbursement was paid for before the project management committee submitted returns on how the tranche was spent contrary to Regulation 11 of National Government Constituency Development Fund Regulations, 2016. The Regulation states that Constituency Committee shall ensure that the returns are received from project management committees before funding is released for each phase of the project being implemented. Further, the administration cost of 5% set aside by the project management committee from the total allocation for the project was not supported.

In addition, three (3) classrooms were renovated instead of four (4) in the contract.

In the circumstances, the accuracy, completeness and validity of the expenditure on transfers to Primary school of Kshs.1,998,000 could not be confirmed.

6.0. Variances Between the Financial Statements and Ledgers

The statement of financial performance reflects other grants and transfers expenditure of Kshs.78,297,827 as disclosed in Note 14 to the financial statements. However, review of the expenditure records revealed variances of Kshs.1,726,208 between the ledgers and the financial statements.

In the circumstances, the accuracy and completeness of other grants and transfers expenditure of Kshs.78,297,827 could not be confirmed.

7.0. Impropriety in Security Projects Expenditure

The statement of financial performance reflects other grants and other transfers amount of Kshs.78,297,827, which includes Kshs.14,544,616 transferred to security projects as disclosed in Note 14 of the financial statements. However, project verification revealed the irregularities noted below.

- i. An amount of Kshs.1,200,000 was transferred to Bonyarorande chief's office for construction to completion of 2 unit office block. However, the project was incomplete and the tiling, door and window panes, gutters, painting were not done. The items were in the bill of quantities.
- ii. An amount of Kshs.800,000 was transferred to Riogeto police station for construction to completion of four (4) doors ablution block with urinal. However, the ablution block constructed was 2 doors with urinal and did not meet the bill of quantities specifications.

In the circumstances, the propriety of the expenditure on security projects of Kshs.14,544,616 could not be confirmed.

8.0. Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects an opening balance operational, deposit, PMCs and Appropriations-In-Aid (AIA) amount of Kshs.10,352,033. The balance includes PMC balances carried forward from the previous year of Kshs.5,502,578. However, the financial statements for the financial year 2023/2024 and the corresponding PMC account balances schedule shows actual closing PMC balances amounting to Kshs.2,748,318 resulting in an unreconciled and unexplained variance of Kshs.2,754,260.

In the circumstances, the accuracy and completeness of the opening balance of Kshs. 10,352,033 could not be confirmed.

9.0. Variances in Digital Hubs Expenses

The statement of financial performance reflects digital hub expenditure of Kshs.2,440,077. However, the ledgers show expenditure of Ksh.2,580,000 resulting to unexplained variance of Kshs.139,923.

In the circumstances, the accuracy and completeness of the digital hub expenditure of Kshs.2,440,077 could not be confirmed.

10.0. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.1,491,890 and as disclosed in Note 23 to the financial statements. However, the Management did not maintain an updated assets register to support the values in the financial statements. Further, ownership documents for the assets were not provided for audit review.

In addition, assets register lacked details including parcel of land and all buildings, cost of assets, depreciation charge, net book values and dates of purchase.

In the circumstance, the accuracy, completeness and ownership of the assets could not be confirmed.

11.0. Lack of Depreciation Policy

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects depreciation charge amount of Kshs.1,003,767. However, Management did not disclose the depreciation policy adopted.

In the circumstances, the accuracy and propriety of depreciation expenditure of Kshs.1,003,767 could not be confirmed.

12.0. Variances Between Financial Statements and PMC Bank Statements

The statement of financial position reflects cash and cash equivalents balance of Kshs.19,799,732 as disclosed in Note 19 to the financial statements. Review of the cash books, bank reconciliation statements and bank statements revealed that there were variances between the financial statements figures and the bank statements balances as detailed below;

| PMC | Account No. | Financial Statements | Bank Statements | Variance |
|----------------------------------|---------------|----------------------|-----------------|----------------|
| Bonyarande Chache Chief's Office | 0520285533553 | 597,164 | 97,164 | 500,000 |
| Borabu TTC | 1240285885020 | 0 | 1,000 | -1,000 |
| Ensakia Chief's Office | 1240282242901 | 205,293 | 5,293 | 200,000 |
| Egetubi S.Schhol | 1110008791 | 13,942 | 0 | 13,942 |
| Isoge Primary School | 124028555225 | 47,500 | 49,500 | -2,000 |
| Mote Oguto Primary School | 520286627866 | 112,500 | 107,253 | 5,247 |
| Nyakweremo S.School | 520262257415 | 67,000 | 7,015 | 59,985 |
| Rianyakangi DEB Pr School | 0520262259787 | 113,672 | 6,344 | 107,328 |
| Total | | 1,157,071 | 273,569 | 883,502 |

Further, Note 19 to the financial statements reflects PMC balance of Kshs.7,521,250 which does not agree with the PMC cash book balance of Kshs.7,279,502 resulting into unreconciled and unexplained variance of Kshs.241,748.

In addition, the PMC bank balances were not supported with certificate of bank balances and bank conciliation statements.

In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.19,970,292 could not be confirmed.

13.0. Tax Arrears

Review of financial records and books of accounts revealed that the Fund had not reported any tax arrears for KRA. However letter Ref: NG-CDFB/CEO/KNAVOL V.7 (6) on tax arrears communicated by the Kenya Revenue Authority (KRA) and relating to enforcement of outstanding taxes owed by National Government Constituencies Development Funds (NG-CDF) requires disclosures of these matters. The Fund owes KRA a total of Kshs.40,822,179. Management failed to maintain an updated and

reconciled schedule of statutory obligations, resulting in the omission of the tax arrears from the financial statements.

In the circumstance, the absence of disclosure of significant tax arrears resulted in the financial statements being misleading and non-compliant with IPSAS requirements for completeness and accuracy.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Borabu NGCDF 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

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.229,601,290 and Kshs.185,457,131 respectively, resulting in an underfunding of Kshs.44,144,159 or 19% of the budget. Similarly, the Fund spent an amount of Kshs.165,479,824 against actual receipts of Kshs.185,457,131 resulting into under-absorption of Kshs.19,977,307 or 11% of the actual receipts.

The underfunding and under-absorption affected implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects 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 Information

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

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregularities in Implementation of Climate Change Mitigation Projects

The statement of financial performance reflects other grants and transfers amount of Kshs.78,297,827, which includes Kshs.6,492,712, being transfers to climate change mitigation projects as disclosed in Note 14 of the financial statements. During project verification the following anomalies were noted.

- i. Assorted tree seedlings were issued to various school across the constituency. However, physical verification revealed that most of the seedlings were not planted and issuance documents were not provided for audit review.
- ii. Amount of Kshs.150,000 was transferred to Nyansakia primary school for purchase and installation of 5,000 liters water tank, construction of concrete tank base, installation of gutters and planting of assorted tree seedlings. However, gutters were not installed and trees seedlings were not planted.

In the circumstances, value for money for the expenditure of Kshs.6,492,712 on climate change mitigation projects, could not be confirmed.

2. Irregular Sitting Allowances

The statement of financial performance reflects committee expenses amounting to Kshs.3,931,200 as disclosed in Note 11 to the financial statements. The amount includes Kshs.73,000, being surrender of imprest issued for the payment of staff allowances for

proposal of public participation at the rate of Kshs.2000 per staff. The allowances were paid contrary to SRC Circular SRC/ADM/11(156) dated 7 August, 2023 which recommended sitting allowances to cease for employees of an entity.

In the circumstances, the payment of allowances was irregular.

3. Delay in Disbursement of Funds from Board

The statement of financial performance reflects transfers from the National Government Constituencies Development Fund (NG-CDF) Board amount of Kshs.170,469,857. However, the receipts include an amount of Kshs.45,105,098, representing 26% of the total budgeted receipts for the 2023/2024 financial year not released during that year. This is contrary to Section 39(2) of the National Government Constituencies Development Fund Act, 2023, which requires an initial disbursement of 25% of the annual allocation at the beginning of the first quarter and subsequent replenishments in three equal instalments at the start of each remaining quarter. Further, there were receivables pending disbursement for the 2023/2024 financial year amounting to Kshs.3,674,301.

In the circumstances, the delayed disbursement of funds may have adversely affected the timely implementation of planned projects and service delivery to the public.

4. Non-Compliance with Persons with Disability Act

Review of the muster roll and personnel records revealed that the Fund had ten (10) casual employees on contractual terms but none was a person with disability contrary to section 21(1)(2) of the Persons with Disability Act, 2025 which requires employers to reserve at least five per cent direct employment opportunities for persons with disabilities.

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

5. Failure to Comply with Work Injury Benefit (WIBA) Act 2007

During the year under review the Fund did not secure WIBA Insurance for the employees contrary to section 7(1) of the Work Injury Benefit Act, 2007 which provides that every employer shall obtain and maintain an insurance policy, with an insurer approved by the Minister in respect of any liability that the employer may incur under this Act to any of his employees.

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

6. Irregular Contract Renewal for Cleaning Services.

The statement of financial performance reflects use of goods and services amount of Kshs.7,484,785. Included in the amount is utilities, supplies and services amounting to Kshs.509,483 as disclosed in Note 12 to the financial statements. The contract was for cleaning services and was to run for two years, ending 31 May, 2025. However, the

Management did not advertise for procurement of cleaning services after the end of contract and a payment of Kshs.30,000 for cleaning services was made in the month of June, 2025. This is contrary to Section 158 of the Public Procurement and Asset Disposal Regulations, 2020 which requires all procurement of goods, works and services to be competitive.

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

7. Irregular Payments made to the Suppliers/Contractors

The statement of financial performance reflects an amount of Kshs.70,366,882 relating to transfers to other government units. Included in the amount are transfers to primary schools, secondary schools and tertiary institutions of Ksh.55,206,813, Kshs.9,070,050 and Kshs.6,090,019 respectively as disclosed in Note 13 to the financial statements. Review of the bank statements revealed that seven suppliers/contractors were paid a total of Kshs.10,523,881 by the Constituency Fund contrary to Section 36(1) of NG-CDF Act, 2015, that stipulates only appointed project management committee should pay.

Further it was not explained how the administration cost of 5% set aside by the project management committee (PMC) from the total allocation of project was utilized and accounted.

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

8. Irregular Procurement of Fuel Oil and Lubricants

The statement of financial performance reflects use of use goods and services amount of Kshs.70,366,882, which includes fuel, oil and lubricants amount of Kshs.1,152,391 as disclosed in Note 12 to the financial statements. The payment was supported by LPO dated 13 June, 2024 of Kshs.763,602 for supplies from the July, 2024 to December, 2024. The supply of fuel was secured through tender dated 3 June, 2024. The accounting officer approval for commitments after 31 May, 2024 was not provided and the procurement was contrary to Regulation, 50. (1) of the Public Finance Management (National Government) Regulations, 2015. The Regulation provide that all commitments for supply of goods or services shall be done not later than 31 May each year except with the express approval of the accounting officer in writing.

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

9. Delay Completion of Proposed Construction of Borabu Teachers College Tuition Block

The statement of financial performance reflects an amount of Kshs. 70,366,882 relating to transfers to other government units. Included in this amount is Kshs.6,090,019 being transfers to tertiary institutions as disclosed in Note 13 to the financial statements. This amount includes transfers to Borabu Teachers Training College of Kshs.4,109,205 for the

construction of the Tuition Block. Physical verification of the project in November, 2025 revealed that the contractor was not on site and works had stalled. Further, issues indicated below were noted.

- The internal walls were to be done using fine chiseled natural stones but instead clay burnt bricks were used.
- The slab and walling were done on one side of the building.
- Two companies were successful at financial evaluation stage. The contract was awarded to a local company at a contract price of Kshs.39,673,102, on basis of workmanship of projects visited being satisfactory. However, the lowest bid was Kshs.37,301,458 and no explanation was given for not awarding the company.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Internal Audit Review

Review of the internal control, risk management, and governance framework of the Borabu NGCDF revealed that the entity was not subjected to an internal audit review by the Internal Audit Department of the Board during the year under review. No evidence of internal audit plans, reports or follow-up actions was provided for audit verification.

In the circumstances, the effectiveness of internal controls, risk management, and governance processes could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 December, 2025

National Government Constituencies Development Fund (NGCDF)


Borabu Constituency


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

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

| | Note | Period ended June |
|---|------|--------------------|
| | | Kshs |
| Revenue from non-exchange transactions | | |
| Transfers from the NGCDF Board | 6 | 170,469,857 |
| Grants/donations from other entities | 7 | 300,000 |
| Revenue from exchange transactions | | |
| Finance income | 8 | - |
| Miscellaneous income | 9 | 4,000 |
| Total revenue | | 170,773,857 |
| Expenses | | |
| Employee costs | 10 | 3,952,030 |
| Committee expenses | 11 | 3,931,200 |
| Use of Goods and Services | 12 | 7,484,785 |
| Other Government Units Actual expenditure | 13 | 70,366,882 |
| Other Grants and Transfers Actual expenditure | 14 | 78,297,827 |
| Depreciation and amortization expense | 15 | 1,003,767 |
| Digital Hubs Actual expenditure | 16 | 2,440,077 |
| Total expenses | | 167,476,568 |
| Other gains/(losses) | | |
| Gain/Loss on Sale of Assets | 17 | - |
| Impairment loss | 18 | - |
| Surplus/(Deficit) for the year | | 3,297,289 |

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


Chairman NG-CDF
Committee
Name: Denis Orod


National Sub-County
Accountant
Name: Tom Odingo
ICPAK M/No: 15534


Fund Account Manager
Name: Edwin



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

12. Statement of Financial Position as At 30th June, 2025

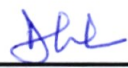
| | Note | Period as at June 2025 | Opening Statement 1st July 2024 |
|--|------|---------------------------|---------------------------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash And Cash Equivalents | 19 | 19,799,732.21 | 10,048,033.15 |
| Receivables from Exchange Transactions | 20 | - | - |
| Receivables from Non-Exchange Transactions | 21 | 44,144,157.81 | 48,779,399.07 |
| Prepayments | 22 | - | - |
| Total Current Assets | | 63,943,890.02 | 58,827,432.22 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 23 | 1,491,889.98 | 266,055.13 |
| Intangible Assets | 24 | 1,705,200.00 | 2,436,000.00 |
| Right-of-use assets | 25 | - | - |
| Total Non- Current Assets | | 3,197,089.98 | 2,702,055.13 |
| Total Assets (A) | | 67,140,980.00 | 61,529,487.35 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 26 | 30,000.00 | 30,000.00 |
| Third-Party Deposits | 27 | 4,252,874.00 | 2,697,008.00 |
| Lease Liabilities | 28 | - | - |
| Gratuity provision | 29 | 1,708,800.00 | 950,462.00 |
| Total Current Liabilities | | 5,991,674.00 | 3,677,470.00 |
| Non-Current Liabilities | | | |
| Lease Liabilities | 28 | - | - |
| Total Liabilities (B) | | 5,991,674.00 | 3,677,470.00 |
| Net Assets (A-B) | | 61,149,306.00 | 57,852,017.35 |
| Represented by: | | | |
| Accumulated Surplus | | 61,149,306.00 | 57,852,017.34 |
| Reserves | | | |
| Total Net Assets | | 61,149,306.00 | 57,852,017.34 |


National Government Constituencies Development Fund (NGCDF)

Borabu Constituency

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

The Constituency financial statements set out on pages 1 to 11 approved by NG CDFC on 25.08 2025 and signed by:


Chairman NG-CDF
Committee
Name: Demis Orod


National Sub-County
Accountant
Name: Tom O. Enge
ICPAK M/No: 12234


Fund Account Manager
Name: [Signature]


FUND ACCOUNT MANAGER
BORABU NG-CDF
Date: 25/08/2025
P.O. Box 11
NYANSIENGO

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

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

| Description | Reserves | Accumulated surplus/Deficit | Total |
|---|-------------------|-----------------------------|------------|
| | Kshs | Kshs | Kshs |
| As at 30th June 2024 (cash basis) | 2,607,963 | - | 2,607,963 |
| Adjustments: (to recognize assets and liabilities) | | | |
| Add Assets | 56,784,516 | | 56,784,516 |
| Less Liabilities | 1,540,462 | | 1,540,462 |
| As at July 1, 2024 | 57,852,017 | | 57,852,017 |
| | | | |
| Surplus/(Deficit) For the Period | 3,297,289 | | 3,297,289 |
| Revaluation Gain/Loss | | - | - |
| As at 30th June 2025 | 61,149,306 | - | 61,149,306 |

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)

Borabu Constituency

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

14. Statement of Cash Flows for the Year Ended 30th June 2025

| | Notes | Period ended June Kshs |
|---|-------|------------------------------|
| Cash flows from operating activities | | |
| Receipts | | |
| Transfers from the NGCDF Board | | 175,105,098 |
| Grants/donations from other entities | | 300,000 |
| Finance income | | - |
| Miscellaneous income | | 4,000 |
| Total Receipts | | 175,409,098 |
| Payments | | |
| Employee costs | | 3,193,692 |
| Committee expenses | | 3,931,200 |
| Use of Goods and Services | | 7,484,785 |
| Other Government Units Certified Works | | 68,083,472 |
| Other Grants and Transfers | | 79,284,259 |
| Digital Hubs Expenses | | 2,181,189 |
| Total Payments | | 164,158,597 |
| Net Cash Flows from/ (used in) Operating Activities | 28 | 11,250,501 |
| | | |
| Cash flows From Investing Activities | | |
| Purchase of PPE | | 1,498,802 |
| Purchase of Intangible assets | | - |
| Proceeds From Sale of PPE | | |
| Net Cash Flows from Investing Activities | | 1,498,802 |
| Net increase/(decrease) in cash & Cash equivalents | | 9,751,699 |
| | | |
| Cash Flows from Financing Activities | | |
| Lease payment | | - |
| Net Cash Flows from Financing Activities | | 9,751,699 |
| Cash and cash equivalents at Period Start | 17 | 10,048,033 |
| Cash and cash equivalents at Period End | 17 | 19,799,732 |

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

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

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

| | Original Budget | Adjustments | | Final Budget | Actual on comparable basis | Budget utilization difference | % of Utilization |
|--|--------------------|--------------------------------|---|--------------------|----------------------------|-------------------------------|------------------|
| | Kshs | Kshs | | Kshs | Kshs | Kshs | |
| | a | B | | C=(a+b) | d | e=(c-d) | f=d/c*100 |
| | <i>2024-2025</i> | Opening Balance (C/Bk) and AIA | Previous Years' Outstanding disbursements | <i>2024-2025</i> | <i>2024-2025</i> | | |
| Revenue | | | | | | | |
| Transfers From the NGCDF Board | 170,469,857 | 10,048,033 | 48,779,400 | 229,297,290 | 185,153,131 | 44,144,159 | 81% |
| Grants/donations from other entities | - | 300,000 | - | 300,000 | 300,000 | - | 100% |
| Finance income | - | - | - | - | - | - | - |
| Miscellaneous income | - | 4,000 | - | 4,000 | 4,000 | - | 100% |
| Totals | 170,469,857 | 10,352,033 | 48,779,400 | 229,601,290 | 185,457,131 | 44,144,159 | 81% |
| Expenses | | | | | | | |
| Employee costs | 4,312,128 | - | 1,800,745 | 6,112,873 | 3,193,692 | 2,919,181 | 52% |
| Committee expenses | 3,616,129 | - | 315,071 | 3,931,200 | 3,931,200 | - | 100% |
| Use of Goods and Services | 7,396,030 | - | - | 7,396,030 | 7,484,785 | (88,756) | 101% |
| Other Government Units Certified Works | 72,851,950 | 8,874,856 | 26,422,371 | 108,149,177 | 68,265,472 | 39,883,706 | 63% |
| Other Grants and Transfers | 73,596,620 | 1,173,177 | 18,369,301 | 93,139,098 | 79,102,259 | 14,036,839 | 85% |
| Acquisition of Assets | 1,615,000 | - | 1,871,912 | 3,486,912 | 1,498,802 | 1,988,110 | 43% |
| Digital Hubs Expenses | 5,582,000 | - | - | 5,582,000 | 2,181,189 | 3,400,811 | 39% |
| Funds Pending | 1,500,000 | 304,000 | - | 1,804,000 | - | 1,804,000 | 0% |

National Government Constituencies Development Fund (NGCDF)

Borabu Constituency

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

| | Original Budget | Adjustments | | Final Budget | Actual on comparable basis | Budget utilization difference | % of Utilization |
|-------------------------------|--------------------|--------------------------------|---|--------------------|----------------------------|-------------------------------|------------------|
| | Kshs | Kshs | | Kshs | Kshs | Kshs | |
| | a | B | | C=(a+b) | d | e=(c-d) | f=d/c*100 |
| | 2024-2025 | Opening Balance (C/Bk) and AIA | Previous Years' Outstanding disbursements | 2024-2025 | 2024-2025 | | |
| Approval** | | | | | | | |
| Total Expenditure | 170,469,857 | 10,352,033 | 48,779,400 | 229,601,290 | 165,657,399 | 63,943,891 | 72% |
| Surplus for the period | - | - | - | - | - | - | - |

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

National Government Constituencies Development Fund (NGCDF)

Borabu Constituency

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


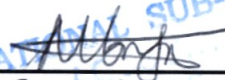

Explanatory Notes.

All the items below 90% can be summarized as below:

| S/NO | ITEM | PERCENTAGE | REASON |
|------|--|------------|--------------------------------|
| 1 | Committee expenses | 52% | Due to gratuity set aside |
| 2 | Other Government Units Certified Works | 63% | Late disbursement of funds |
| 3 | Other Grants and Transfers | 85% | Late disbursement of funds |
| 4 | Digital Hubs | 43% | Late disbursement of funds |
| 5 | Acquisition of assets | 39% | Reallocation process took long |

| Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities | |
|---|------------|
| Description | Amount |
| Budget utilisation difference totals | 63,943,891 |
| Less undisbursed funds receivable from the Board as at 30 th June 2025 | 44,144,159 |
| Cash and Cash Equivalents at the end of the 30 th June 2025 | 19,799,732 |

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 25.08 2025 and signed by:

| | | |
|--|--|---|
|  Fund Account Manager |  National Sub-County Accountant |  Chairman NG-CDF Committee |
| Name: <u>EDWIN</u> | Name: <u>Tom Odugo</u> ICPAK M/No: <u>15534</u> | Name: <u>Dennis Oduo</u> |

National Government Constituencies Development Fund (NGCDF)

Borabu 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 comparable basis | Budget utilization difference |
|---|-------------------|--|---|-------------------|----------------------------|-------------------------------|
| | | Opening Balance (operational, deposit and PMCs C/Bk) and AIA | Previous Years' Outstanding Disbursements | | | |
| | | | | | | |
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| 1.0 Administration and Recurrent | | | | | | |
| 1.1 Compensation of employees | 4,312,128 | - | 1,800,745 | 6,112,873 | 3,193,692 | 2,919,181 |
| 1.2 Committee allowances | 2,000,000 | - | 315,071 | 2,315,071 | 2,315,071 | - |
| 1.3 Use of goods and services | 3,904,063 | - | - | 3,904,063 | 3,904,063 | - |
| Sub-total | 10,216,191 | - | 2,115,816 | 12,332,007 | 9,412,826 | 2,919,181 |
| 2.0 Monitoring and evaluation | | | | | | |
| 2.1 Capacity building | 1,108,000 | - | - | 1,108,000 | 1,108,000 | - |
| 2.2 Committee allowances | 1,616,129 | - | - | 1,616,129 | 1,616,129 | - |
| 2.3 Use of goods and services | 2,383,967 | - | - | 2,383,967 | 2,472,722 | (88,756) |
| Sub-total | 5,108,096 | - | - | | | |

National Government Constituencies Development Fund (NGCDF)

Borabu Constituency

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

| | | | | | | |
|--|------------------|----------|-----------|-------------------|------------------|------------------|
| | | | | 5,108,096 | 5,196,852 | (88,756) |
| 4.0 Emergency | | | | | | |
| | | | | | | - |
| 4.1 Primary school Projects | 1,500,000 | - | - | 1,500,000 | 1,500,000 | - |
| 4.2 Tindereti Primary School | 967,370 | - | - | 967,370 | 965,370 | 2,000 |
| 4.3 Primary school Projects | 1,660,152 | - | - | 1,660,152 | 1,660,152 | - |
| 4.4 Primary school projects | 2,772,035 | - | - | 2,772,035 | 2,772,035 | - |
| 4.5 Primary school Projects | 1,498,990 | - | - | 1,498,990 | 1,498,990 | - |
| 4.6 Primary school Projects | 500,000 | - | - | 500,000 | 500,000 | - |
| Unallocated Balance | 73,551 | - | - | 73,551 | 277,202 | (203,651) |
| Sub-total | 8,972,098 | - | - | 8,972,098 | 9,173,749 | (201,651) |
| 5.0 Bursary and Social Security | | | | | | |
| 5.1 Primary Schools | - | - | - | - | - | - |
| 5.2 Secondary Schools | 12,600,000 | 2,021 | 1,915,000 | 14,517,021 | 14,815,000 | (297,979) |
| 5.3 Tertiary Institutions | 25,994,980 | (85,902) | 3,000,000 | 28,909,078 | 28,980,902 | (71,824) |
| 5.4 special needs | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - |
| 5.5 Education Support Programmes | - | - | - | - | - | - |
| 5.6 Social Security | 1,998,000 | | | | | |

National Government Constituencies Development Fund (NGCDF)

Borabu Constituency

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| | | | | | | |
|---|-------------------|-----------------|------------------|-------------------|-------------------|------------------|
| | | - | - | 1,998,000 | - | 1,998,000 |
| Sub-total | 42,592,980 | (83,881) | 4,915,000 | 47,424,099 | 45,795,902 | 1,628,197 |
| 7.0 Environment | | | | | | |
| | | | | - | | - |
| 7.1 Ensakia Chiefs Office | - | - | 40,000 | 40,000 | - | 40,000 |
| 7.2 Kahawa DOK Primary School | - | - | 40,000 | 40,000 | - | 40,000 |
| 7.3 Ekerubo Location Chiefs Office | - | - | 40,000 | 40,000 | - | 40,000 |
| 7.4 Riang'ombe DOK Primary School | - | - | 40,000 | 40,000 | - | 40,000 |
| 7.5 Matunwa DOK Primary School | - | - | 40,000 | 40,000 | - | 40,000 |
| 7.6 Nyagacho Primary School | - | - | 40,000 | 40,000 | - | 40,000 |
| 7.7 Nyankono Sub Location Ass Chiefs Office | - | - | 40,000 | 40,000 | - | 40,000 |
| 7.8 Saiga Ngiya Primary School | - | - | 40,000 | 40,000 | - | 40,000 |
| 7.9 Mogusii Primary School | - | - | 34,301 | 34,301 | - | 34,301 |
| 7.10 Mwangori Primary School | - | 93,690 | - | 93,690 | 40,000 | 53,690 |
| 7.11 Pavima Supplies | 763,492 | - | - | 763,492 | 763,492 | - |
| 7.12 Pavima Supplies | 712,170 | - | - | 712,170 | 712,170 | - |
| 7.13 Waxmax Enterprises | 553,910 | - | - | 553,910 | 553,910 | - |
| 7.14 Waxmax Enterprises | 2,136,510 | | | | | |

National Government Constituencies Development Fund (NGCDF)

Borabu Constituency

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

| | | | | | | |
|--|------------------|----------------|----------------|------------------|------------------|----------------|
| | | - | - | 2,136,510 | 2,136,510 | - |
| 7.15 Pavima Supplies | 2,286,630 | - | - | 2,286,630 | 2,286,630 | - |
| 7.16 Water tanks | 860,780 | 298,865 | | 1,159,645 | 837,730 | 321,915 |
| Sub-total | 7,313,492 | 392,555 | 354,301 | 8,060,348 | 7,330,442 | 729,906 |
| 8.0 Primary Schools Projects | | | | | | |
| 8.1 Magombo DEB Primary School | - | 2,440 | 1,400,000 | 1,402,440 | 1,301,379 | 101,061 |
| 8.2 Nyakwerema Primary School | 750,000 | - | 750,000 | 1,500,000 | 1,500,000 | - |
| 8.3 St. Albert Primary School | 1,500,000 | - | - | 1,500,000 | - | 1,500,000 |
| 8.4 Kiabonyoru Primary School | - | 2,415 | 300,000 | 302,415 | 300,126 | 2,289 |
| 8.5 Menyenya Primary School | 2,000,000 | - | - | 2,000,000 | 1,385,000 | 615,000 |
| 8.6 Riensune Primary School | - | 7,477 | 1,028,200 | 1,035,677 | 950,842 | 84,835 |
| 8.7 Riensune Primary School | - | 96,405 | 395,175 | 491,580 | 491,580 | - |
| 8.8 Ensakia DEB Primary School | - | 179,718 | 87,711 | 267,429 | 117,711 | 149,718 |
| 8.9 Kineni Calvary Boarding Primary School | - | - | 20,766 | 20,766 | - | 20,766 |
| 8.10 Ensinyo Primary School | - | 1,060 | 600,000 | 601,060 | 600,000 | 1,060 |
| 8.11 Masige DEB Primary School | - | - | 750,000 | 750,000 | 748,007 | 1,993 |
| 8.12 Mwongori Primary School | - | - | 750,000 | 750,000 | 714,673 | 35,327 |
| 8.13 Borabu DEB Primary | - | | | | | |

National Government Constituencies Development Fund (NGCDF)

Borabu Constituency

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

| | | | | | | |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| School | | 5,408 | 750,000 | 755,408 | 750,776 | 4,632 |
| 8.14 Emboye DEB Primary School | - | 3,199 | 494,850 | 498,049 | 494,850 | 3,199 |
| 8.15 Kenyoro SDA Primary School | - | 2,360 | (2,510) | (151) | - | (151) |
| 8.16 Kekinga Primary School | - | 7,122 | 714,436 | 721,558 | 664,436 | 57,122 |
| 8.17 Ensoko Primary School | - | - | 162,210 | 162,210 | 162,210 | - |
| 8.18 Rianyakangi Primary School | - | 113,672 | - | 113,672 | 107,328 | 6,344 |
| 8.19 Ibara Primary School | - | 1,133,481 | 374,047 | 1,507,528 | 1,357,500 | 150,028 |
| 8.20 Kitaru Primary School | - | 3,033 | 1,000,000 | 1,003,033 | 900,240 | 102,793 |
| 8.21 Endemu DOK Primary School | - | 1,952 | 2,295,518 | 2,297,470 | 2,295,508 | 1,962 |
| 8.22 Nyansakia DEB primary School | - | - | 2,295,518 | 2,295,518 | 2,017,218 | 278,300 |
| 8.23 Nyankongo Primary School | - | 11,368 | 1,805,000 | 1,816,368 | 678,750 | 1,137,618 |
| 8.24 Menyanya SDA Primary School | 3,800,000 | 7,426 | 1,000,000 | 4,807,426 | 2,435,710 | 2,371,716 |
| 8.25 Nyageita Primary School | - | 257,566 | 1,018,380 | 1,275,946 | 1,107,577 | 168,369 |
| 8.26 Riangombe Primary School | - | 732,827 | 1,568,378 | 2,301,205 | 2,220,668 | 80,537 |
| 8.27 Omosocho Primary School | - | 480 | 1,750,000 | 1,750,480 | 1,576,750 | 173,730 |
| 8.28 Simbauti SDA Primary school | - | 2,861 | 450,000 | 452,861 | 450,000 | 2,861 |
| 8.29 Saiga Ngiya Primary School | - | 50,000 | 550,000 | 600,000 | 594,678 | 5,322 |

National Government Constituencies Development Fund (NGCDF)

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| | | | | | | |
|--|-----------|--------|---------|-----------|-----------|-----------|
| 8.30 Memisi Primary School | - | 78,208 | - | 78,208 | 77,579 | 629 |
| 8.31 Kebuse Primary School | - | - | 500,000 | 500,000 | 500,000 | - |
| 8.32 Rigena Primary School | - | 2,063 | 500,000 | 502,063 | 454,560 | 47,503 |
| 8.35 Eronge Adventist Boarding Primary | 9,981,950 | - | - | 9,981,950 | - | 9,981,950 |
| 8.36 Kahawa DOK Primary School | 1,500,000 | - | - | 1,500,000 | - | 1,500,000 |
| 8.37 Ribaita DEB Primary School | 1,200,000 | 2,951 | - | 1,202,951 | - | 1,202,951 |
| 8.38 Nderema DEB Primary School | 800,000 | 7,109 | - | 807,109 | 673,275 | 133,834 |
| 8.39 Ensakia DEB Primary School | 2,500,000 | - | - | 2,500,000 | 1,850,000 | 650,000 |
| 8.40 Keginga DEB Primary School | 1,500,000 | - | - | 1,500,000 | 1,260,537 | 239,463 |
| 8.41 Memisi Primary School | 1,500,000 | - | - | 1,500,000 | 1,495,500 | 4,500 |
| 8.42 Rietego Primary School | 2,000,000 | - | - | 2,000,000 | 1,998,000 | 2,000 |
| 8.43 Kebuse Primary School | 750,000 | - | - | 750,000 | 724,375 | 25,625 |
| 8.44 Kineni ELCK Primary School | 1,000,000 | 1,799 | - | 1,001,799 | 897,165 | 104,634 |
| 8.45 Kineni Calvary Primary School | 800,000 | 67,703 | - | 867,703 | - | 867,703 |
| 8.46 Manga DEB Primary School | 1,000,000 | - | - | 1,000,000 | 1,000,000 | - |
| 8.47 Ensinyo SDA Primary School | 1,500,000 | - | - | 1,500,000 | 1,300,000 | 200,000 |
| 8.48 Kerema Primary School | 2,000,000 | - | - | 2,000,000 | 1,840,000 | 160,000 |

National Government Constituencies Development Fund (NGCDF)

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| | | | | | | |
|------------------------------------|-----------|---------|---|-----------|-----------|----------|
| 8.49 Mote Oguto Primary School | 750,000 | - | - | 750,000 | 642,747 | 107,253 |
| 8.51 Nyangoge Primary School | 800,000 | - | - | 800,000 | 800,000 | - |
| 8.52 Egentubi Primary School | 750,000 | - | - | 750,000 | 342,598 | 407,402 |
| 8.53 Chinche Primary School | 800,000 | 3,220 | - | 803,220 | 800,000 | 3,220 |
| 8.54 Nsicha Primary School | 2,500,000 | 106,752 | - | 2,606,752 | 2,503,092 | 103,660 |
| 8.55 Nyageita Primary School | 800,000 | - | - | 800,000 | 800,000 | - |
| 8.56 Nyageita Primary School | 700,000 | - | - | 700,000 | - | 700,000 |
| 8.57 Nyageita Primary School | 2,500,000 | - | - | 2,500,000 | 2,500,000 | - |
| 8.58 Borabu Primary School | 1,000,000 | - | - | 1,000,000 | 761,234 | 238,766 |
| 8.59 Kitaru Primary School | 1,000,000 | - | - | 1,000,000 | 898,695 | 101,305 |
| 8.60 Masige Primary School | 1,000,000 | - | - | 1,000,000 | 897,480 | 102,520 |
| 8.61 Mekenene Primary School | 1,500,000 | 6,477 | - | 1,506,477 | 1,350,000 | 156,477 |
| 8.62 Ensoko Primary school | - | 148,200 | - | 148,200 | 160,700 | (12,500) |
| 8.63 Ensakia Primary school | - | 88,000 | - | 88,000 | 88,000 | - |
| 8.64 Emboye Primary school | - | 22,515 | - | 22,515 | 74,900 | (52,385) |
| 8.65 Nyansiongo DOK Primary School | - | 4,510 | - | 4,510 | - | 4,510 |
| 8.65 Nyandoche Ibere | - | 2,600 | - | - | - | - |

National Government Constituencies Development Fund (NGCDF)

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| | | | | | | |
|---|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| DOK Primary School | | | - | 2,600 | - | 2,600 |
| 8.66 Biego DOK Primary School | - | 3,773 | - | 3,773 | - | 3,773 |
| 8.67 Nyagware Primary School | - | 8,256 | - | 8,256 | - | 8,256 |
| 8.67 Itumbe SDA Primary School | - | 2,198 | - | 2,198 | - | 2,198 |
| 8.68 Amakura DEB Primary School | - | 4 | - | 4 | - | 4 |
| 8.69 Mokomoni DOK Primary School | - | 32,465 | - | 32,465 | - | 32,465 |
| 8.70 Nyamori DOK Primary School | - | 3,000 | - | 3,000 | - | 3,000 |
| 8.71 Mecheo SDA Primary School | - | 25,752 | - | 25,752 | - | 25,752 |
| 8.72 Isoge Primary School | - | 500,000 | - | 500,000 | 450,500 | 49,500 |
| 8.72 Ekige DEB Primary School | - | 32,434 | - | 32,434 | - | 32,434 |
| 8.73 Rianzaemo Primary School | - | 10,620 | - | 10,620 | - | 10,620 |
| Sub-total | 50,181,950 | 3,782,872 | 23,307,679 | 77,272,501 | 53,064,454 | 24,208,047 |
| 9.0 Secondary Schools Projects (List all the Projects) | | | | | | |
| 9.4 Endiba Technical Secondary School | - | 1,108 | - | 1,108 | - | 1,108 |
| 9.8 Biego Secondary School | - | 38,958 | 100,000 | 138,958 | 138,590 | 368 |
| 9.9 Mogusii Secondary School | - | 5,345 | 500,000 | 505,345 | 514,138 | (8,793) |

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| | | | | | | |
|--|-----------|-----------|---------|-----------|-----------|-----------|
| 9.10 Mecheo Mixed SDA Secondary School | - | - | 900,000 | 900,000 | 850,000 | 50,000 |
| 9.13 St Mathias Mulumba secondary | - | - | - | - | - | - |
| 9.15 Egentubi Secondary | - | - | 344,347 | 344,347 | 344,347 | - |
| 9.18 Nyagware secondary | - | - | - | - | - | - |
| 9.19 Omonono secondary | - | - | - | - | - | - |
| 9.20 Endiba secondary | - | - | - | - | - | - |
| 9.21 Nyangoge Secondary School | - | - | 471,293 | 471,293 | 471,293 | - |
| 9.21 St. Paul's Omonayo Secondary School | 1,500,000 | 1,504,256 | - | 3,004,256 | 2,258,068 | 746,189 |
| 9.22 Kiabonyoru Girls Secondary School | 2,583,000 | 923,474 | - | 3,506,474 | 2,419,357 | 1,087,117 |
| 9.23 St. James Nyaronde Secondary School | 1,000,000 | - | - | 1,000,000 | - | 1,000,000 |
| 9.24 Eronge SDA Mixed Secondary School | 1,500,000 | - | - | 1,500,000 | - | 1,500,000 |
| 9.25 St. Joseph Lietego Secondary School | 1,500,000 | - | - | 1,500,000 | - | 1,500,000 |
| 9.26 Ibara Mixed Secondary School | 1,500,000 | - | - | 1,500,000 | - | 1,500,000 |
| 9.27 Tindereti Secondary School | 2,000,000 | 387,839 | - | 2,387,839 | 1,157,127 | 1,230,712 |
| 9.28 Biego Secondary school | - | 104,169 | - | 104,169 | 104,169 | - |
| 9.29 Mogusii Secondary School | - | 200,565 | - | 200,565 | - | 200,565 |
| 9.29 St Gonza Gonza | - | 32,893 | - | 32,893 | - | 32,893 |

National Government Constituencies Development Fund (NGCDF)

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| | | | | | | |
|---|---|---------|---|---------|---------|--------|
| Secondary School | | | | | | |
| 9.30 Kekinga Secondary School | - | 16,374 | - | 16,374 | | 16,374 |
| 9.31 Menyenya SDA Secondary School | - | 31,965 | - | 31,965 | | 31,965 |
| 9.32 Kineni Secondary School | - | 758,958 | - | 758,958 | 722,392 | 36,566 |
| 9.34 Eronge SDA Mixed Secondary School | - | 5,332 | - | 5,332 | - | 5,332 |
| 9.35 St. Francis Kerema Secondary School | - | 16,769 | - | 16,769 | | 16,769 |
| 9.36 St. Theresa Omonono Secondary School | - | 495 | - | 495 | | 495 |
| 9.37 Nsicha DEB Secondary School | - | 20,219 | - | 20,219 | | 20,219 |
| 9.38 Mote Oguto PAG Secondary School | - | 6,694 | - | 6,694 | | 6,694 |
| 9.39 Egentubi Secondary school | - | 13,942 | - | 13,942 | | 13,942 |
| 9.39 Rigoko Secondary School | - | 4,887 | - | 4,887 | | 4,887 |
| 9.40 Ribaita Secondary School | - | 3,191 | - | 3,191 | | 3,191 |
| 9.40 St. Patrick Kahawa Secondary | - | 4,044 | - | 4,044 | | 4,044 |
| 9.41 St Thomas Moore Secondary Secondary | - | 25 | - | 25 | | 25 |
| 9.42 AIC Gietai Secondary school | - | 131,598 | - | 131,598 | 131,518 | 80 |
| 9.43 Manga Girls High School | - | 1,820 | - | 1,820 | - | 1,820 |

National Government Constituencies Development Fund (NGCDF)

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| | | | | | | |
|--|-------------------|------------------|------------------|-------------------|------------------|------------------|
| 9.44 Nyansiongo High School | - | 821 | - | 821 | - | 821 |
| 9.45 Nyakwerema secondary school | - | 7,015 | - | 7,015 | - | 7,015 |
| Sub-total | 11,583,000 | 4,222,754 | 2,315,640 | 18,121,394 | 9,110,999 | 9,010,395 |
| 10.0 Tertiary institutions Projects (List all the Projects) | | | | | | |
| 10.1 Borabu Teachers Training College | - | - | 799,052 | 799,052 | 799,052 | - |
| 10.2 Borabu Teachers Training College | 1,087,000 | 21,366 | - | 1,108,366 | 400,000 | 708,366 |
| 10.3 Borabu Teachers Training College | 10,000,000 | | - | 10,000,000 | 4,890,967 | 5,109,033 |
| 10.4 Borabu Teachers Training College | - | 847,864 | | 847,864 | - | 847,864 |
| Sub-total | 11,087,000 | 869,230 | 799,052 | 12,755,282 | 6,090,019 | 6,665,263 |
| 11.0 Security Projects | | | | | | |
| 11.1 Riogeto Police station | - | 133,709 | 2,400,000 | 2,533,709 | 1,851,565 | 682,144 |
| 11.4 Ensakia Anti Stock Theft Unit | - | - | 1,100,000 | 1,100,000 | 428,873 | 671,127 |
| 11.5 Ensakia Assistant Chiefs Office | - | 5,293 | 200,000 | 205,293 | - | 205,293 |
| 11.6 Riontonyi Police Station | 2,000,000 | | 100,000 | 2,100,000 | 2,119,060 | (19,060) |
| 11.7 Kebuse Anti Stock Theft Unit | - | 83,515 | 800,000 | 883,515 | 800,000 | 83,515 |
| 11.8 Bonyarorande Chache Chiefs Office | - | - | 1,200,000 | 1,200,000 | 602,836 | 597,164 |

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| | | | | | | |
|---|-----------|--------|-----------|-----------|-----------|-----------|
| 11.9 Mokomoni Township Police Station | - | - | 1,200,000 | 1,200,000 | 1,053,411 | 146,589 |
| 11.10 Kitaru Sub Location Assistant Chief's Office | - | - | 1,200,000 | 1,200,000 | 1,139,786 | 60,214 |
| 11.13 Amatierio Assistant Chief's Office | - | - | 1,200,000 | 1,200,000 | 1,152,284 | 47,716 |
| 11.14 Electricity | - | - | 1,000,000 | 1,000,000 | 1,000,000 | - |
| 11.17 Mokomoni Market Police | - | - | 2,700,000 | 2,700,000 | 2,698,300 | 1,700 |
| 11.19 Matutu Police Station | 1,000,000 | 97,855 | - | 1,097,855 | 64,237 | 1,033,618 |
| 11.20 Matutu Police Station | 750,000 | - | - | 750,000 | - | 750,000 |
| 11.21 Mekenene ASS County Commissioners Office | 1,000,000 | - | - | 1,000,000 | 999,764 | 236 |
| 11.23 Nyangoge Sublocation Assistant Chief's Office | 1,300,000 | - | - | 1,300,000 | - | 1,300,000 |
| 11.24 Memisi Assistant Chief's Office | 1,300,000 | - | - | 1,300,000 | - | 1,300,000 |
| 11.25 Raitigo location Chief's Office | 1,300,000 | - | - | 1,300,000 | - | 1,300,000 |
| 11.26 Ekerubo Chiefs Office | 1,000,000 | 3,076 | - | 1,003,076 | 525,000 | 478,076 |
| 11.27 Ensakia Chiefs Office | 800,000 | - | - | 800,000 | 629,000 | 171,000 |
| 11.28 Ensakia Anti Stock Theft Unit | 1,000,000 | - | - | 1,000,000 | - | 1,000,000 |
| 11.29 Memisi Anti Stock Theft Unit | 1,500,000 | - | - | 1,500,000 | - | 1,500,000 |
| 11.30 Registration of Persons Office | 200,000 | - | - | 200,000 | - | 200,000 |

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| | | | | | | |
|--|-------------------|----------------|-------------------|-------------------|-------------------|-------------------|
| 11.31 Memisi Anti Stock Theft Unit | - | 101,151 | - | 101,151 | 100,000 | 1,151 |
| 11.32 Saiga Ngiya AP Post | - | 55,000 | - | 55,000 | - | 55,000 |
| 11.34 Riontonyi Police Station | - | 70,000 | - | 70,000 | 70,000 | - |
| 11.35 Manga Police station | - | 49,461 | - | 49,461 | - | 49,461 |
| 11.36 Kijauri Level 4 Hospital | - | 53,998 | - | 53,998 | - | 53,998 |
| 11.37 Kiangeni Divisional Head Quarters | - | 2,677 | - | 2,677 | - | 2,677 |
| 11.38 Mokwerero Ass Chief's Office | - | 39,018 | - | 39,018 | - | 39,018 |
| 11.39 Saiga ngiya AP Line | - | 103,330 | - | 103,330 | - | 103,330 |
| 11.40 Mokomoni Police Post | - | 20,425 | - | 20,425 | - | 20,425 |
| 11.40 Mecheo Location Chief's Office | - | 1,050 | - | 1,050 | - | 1,050 |
| 11.41 Borabu DCC Staff Houses | - | 29,965 | - | 29,965 | - | 29,965 |
| 11.42 Riontonyi Police Station | - | 2,970 | - | 2,970 | - | 2,970 |
| 11.43 Menyenya Ass. Chief's Office | - | 3,975 | - | 3,975 | - | 3,975 |
| 11.43 Matutu Sub Location Office | - | 991 | - | 991 | - | 991 |
| 11.44 Nyansiongo Gesima Assistant Chief's Office | - | 7,045 | - | 7,045 | - | 7,045 |
| Sub-total | 13,150,000 | 864,503 | 13,100,000 | 27,114,503 | 15,234,116 | 11,880,387 |

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| | | | | | | |
|---|------------------|----------|------------------|------------------|------------------|------------------|
| 12.0 Acquisition of assets | | | | | | |
| 12.1 Motor Vehicles (including motorbikes) | - | - | 1,851,912 | 1,851,912 | - | 1,851,912 |
| 12.2 Online Bursary Management System | - | - | 20,000 | 20,000 | - | 20,000 |
| 12.3 Construction of CDF office | - | - | - | - | - | - |
| 12.5 NG CDF Office Solar Panel System | 1,200,000 | - | - | 1,200,000 | 1,199,602 | 398 |
| 12.6 Office Copier | 415,000 | - | - | 415,000 | 299,200 | 115,800 |
| Sub-total | 1,615,000 | - | 1,871,912 | 3,486,912 | 1,498,802 | 1,988,110 |
| 13.0 Others | - | | | | | |
| 13.1 Nyansiongo Digital Hub | 2,580,000 | - | - | 2,580,000 | 2,181,189 | 398,811 |
| 13.4 Nyansiongo Digital Hub | 250,000 | - | - | 250,000 | - | 250,000 |
| 13.5 Esise Digital Hub | 250,000 | - | - | 250,000 | - | 250,000 |
| 13.6 Kiabonyoru Digital Hub | 250,000 | - | - | 250,000 | - | 250,000 |
| 13.7 Mekenene Digital Hub | 250,000 | - | - | 250,000 | - | 250,000 |
| 13.8 Kiabonyoru Digital Hub | 2,002,000 | - | - | 2,002,000 | - | 2,002,000 |
| Sub-total | 5,582,000 | - | - | 5,582,000 | 2,181,189 | 3,400,811 |
| 14.0 Renovation of NG-CDF Office | | | | | | |
| 12.4 Renovation of CDF office | 1,568,050 | - | - | 1,568,050 | 1,568,050 | - |

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| | | | | | | |
|--------------------------|-------------|------------|------------|-------------|-------------|------------|
| Sub-total | 1,568,050 | - | - | 1,568,050 | 1,568,050 | - |
| Funds pending approval** | 1,500,000 | | | 1,500,000 | | 1,500,000 |
| unapproved projects | - | - | | - | | - |
| AIA | - | 304,000 | | 304,000 | - | 304,000 |
| Sub-total | 1,500,000 | 304,000 | | 1,804,000 | - | 1,804,000 |
| Total | 170,469,857 | 10,352,033 | 48,779,400 | 229,601,290 | 165,657,399 | 63,943,891 |

(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 Borabu Constituency principal activity is based on infrastructure in education and security sectors, climate change and mitigation activities, bursary to needy students and social programs.

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 Luanda 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 Luanda has recognised all financial assets, including cash and cash equivalent 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 the intangible assets acquired during the financial year 2023/2024 up to the reporting dates.

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

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

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

3. Adoption of New and Revised Standards

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

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

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

| Standard | Effective date and Impact: |
|--|---|
| IPSAS 43: Leases | Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities. Not applicable. |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. Not applicable. |
| IPSAS 45: Property Plant and | Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets |

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| | |
|--------------------------|--|
| Equipment | <p>and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>Not applicable.</p> |
| IPSAS 46: Measurement | <p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Not applicable.</p> |
| IPSAS 47: Revenue | <p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and</p> |

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

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

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

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

c) Property, plant and equipment

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

exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Leases

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

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

e) Intangible assets

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

f) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. 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 Entity.

h) Provisions

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

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured

reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Related parties

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

o) Cash and Cash Equivalents

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

p) Comparative figures

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

q) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

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

6. Transfers from the NGCDF Board

| Description | Period ended June 2025 |
|--|------------------------|
| NGCDFB Transfers (Allocation for the FY) | 170,469,857 |
| TOTAL | 170,469,857 |

7. Transfers from domestic and foreign partners

| Description | 2024-2025 |
|--------------|----------------|
| | Kshs |
| Grants | 300,000 |
| Total | 300,000 |

8. Finance income

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

(Provide a brief explanation for this revenue)

9. Miscellaneous income

| | 2024-2025 |
|---|--------------|
| | Kshs |
| Rental Income | - |
| Income from sale of tenders | 4,000 |
| Hire of plant/equipment/facilities | - |
| Other Income Not Classified Elsewhere (specify) | - |
| Total | 4,000 |

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10. Employees cost

| Description | Period ended June 2025 |
|--|------------------------|
| | Kshs |
| NG-CDFC Basic staff salaries | 2,944,696 |
| Personal allowances paid as part of salary | - |
| House Allowance | - |
| Transport Allowance | - |
| Leave allowance | - |
| Gratuity to contractual employees | 780,702 |
| Employer Contributions Compulsory national social security schemes | 176,458 |
| Employer Contributions Compulsory Housing levy | 44,174 |
| Employer contributions to National Industrial Training Authority | 6,000 |
| Other Specify | - |
| Total | 3,952,030 |

11. Committee Expenses

| Description | Period ended June 2025 |
|--------------------------|------------------------|
| | Kshs |
| Sitting allowance | 1,835,200 |
| Other Committee expenses | 2,096,000 |
| Total | 3,931,200 |

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12. Use of Goods and services

| Description | Period ended June 2025 |
|--|------------------------|
| | Kshs |
| Utilities, supplies and services | 509,483 |
| Communication, supplies and services | 1,082,650 |
| Domestic travel and subsistence | 975,000 |
| Printing, advertising and information supplies & services | - |
| Office Rent | - |
| Training expenses | 1,108,000 |
| Hospitality supplies and services | 914,456 |
| Insurance costs | - |
| Specialized materials and services | - |
| Office and general supplies and services | 1,162,530 |
| Fuel, oil & lubricants | 1,152,391 |
| Bank Charges | 33,075 |
| Routine maintenance – vehicles and other transport equipment | 547,200 |
| Routine maintenance – other assets | - |
| Strategic plan expenses | - |
| Other operating expenses | - |
| Total | 7,484,785 |

13. Other Government Units Actual expenditure

| Description | Period ended June 2025 |
|--|------------------------|
| | Kshs |
| Primary Schools Actual expenditure | 55,206,813 |
| Secondary Schools Actual Expenditure | 9,070,050 |
| Tertiary Institutions Actual Expenditure | 6,090,019 |
| Total | 70,366,882 |

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14. Other Grants and transfers Actual expenditure

| Description | Period ended June 2025 |
|---|---------------------------|
| | Kshs |
| Bursary – secondary schools | 14,815,000 |
| Bursary – tertiary institutions | 28,980,902 |
| Bursary – special schools | 2,000,000 |
| Bursary - Education Support programme | - |
| Social Security programme (SHIF) | - |
| Security projects Actual Expenditure | 14,544,616 |
| Climate change mitigation projects | 6,492,712 |
| Emergency projects Actual Expenditure | 8,896,547 |
| Roads projects | - |
| Others specify(Electricity) | 1,000,000 |
| Others specify(Renovation of NG-CDF Office) | 1,568,050 |
| Total | 78,297,827 |

15. Depreciation and Amortization Expenses

| Description | Period ended June 2025 |
|------------------------------|---------------------------|
| | Kshs |
| Property Plant and Equipment | 272,967 |
| Intangible Assets | 730,800 |
| Total | 1,003,767 |

16. Digital Hubs Expenses

| Description | Period ended June 2025 |
|---|---------------------------|
| | Kshs |
| Construction/ renovation/ Actual expenditure | 2,440,077 |
| Digital Hub utility costs Water, Electricity, | - |
| Maintenance of ICT equipment | - |
| Maintenance of building | - |
| Others (specify) | - |

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| | |
|--------------|------------------|
| Total | 2,440,077 |
|--------------|------------------|

17. Gain/loss on Sale of Assets

| Description | Period ended June 2025 |
|--|------------------------|
| | Kshs |
| Property, Plant and Equipment | - |
| Intangible Assets | - |
| Total Gain/loss on Sale of Assets | - |

18. Impairment Loss

| Description | Period ended June 2025 |
|---|------------------------|
| | Kshs |
| Property, Plant and Equipment | - |
| Intangible Assets | - |
| (Include financial instruments that are impaired) | - |
| Total Impairment Loss | - |

19. Cash and Cash Equivalents

| Name Of Bank and Account No. | Period ended June 2025 | Opening Statement 1st July 2024 |
|---|------------------------|------------------------------------|
| | Kshs | Kshs |
| Bank Accounts (Cash Book Bank Balance) | | |
| <i>Equity Bank, Keroka Branch Account No. 1240261392623 (Operation account)</i> | 9,040,281 | 2,401,432.00 |
| <i>Operations account pending closure (Indicate name & account no.)</i> | - | - |
| <i>Equity Bank, Keroka Branch account No. 1240285158615 (Deposit Account)</i> | 3,408,762 | 2,137,008.00 |
| <i>Name of Bank, account No. (PMC's account)</i> | 7,350,690 | 5,509,593.15 |
| Total | 19,799,732 | 10,048,033 |

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| | | |
|--|---|---|
| Cash Balances | | |
| Location 1 | - | - |
| Location 2 | - | - |
| Other Locations (Specify) | - | - |
| Total | - | - |
| [Provide Cash Count Certificates for Each] | | |

20. Receivables from Exchange Transactions

| Description | Period ended June 2025 | Opening Statement 1 st July 2024 |
|----------------------------------|------------------------|---|
| | Kshs | Kshs |
| Total receivables | | |
| Other exchange debtors (Specify) | - | - |
| Less: impairment allowance | - | - |
| Total receivables | - | - |
| a. Current receivables | - | - |
| b. Non-current receivables | - | - |
| Total Receivables (a+b) | - | - |

i. **Ageing Analysis for Receivables**

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

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21. Receivables from Non-Exchange Transactions

| Description | Period ended June 2025 | Opening Statement 1st July 2024 |
|-----------------------|------------------------|---------------------------------|
| | Kshs | Kshs |
| Transfers from NGCDFB | 44,144,158 | 48,779,399 |
| Outstanding imprest | - | - |
| Total | 44,144,158 | 48,779,399 |

Ageing Analysis for Receivables

| Description | Period ended June 2025 | | Opening Statement 1st July 2024 | |
|--------------------|------------------------|----------------|---------------------------------|----------------|
| | 2024-2025 | % of the total | Opening Balance | % of the total |
| Less than 1 year | 40,469,857 | 92% | 40,469,857 | 92% |
| Between 1- 2 years | 3,674,301 | 8% | 3,674,301 | 8% |
| Between 2-3 years | - | 0% | - | 0% |
| Over 3 years | - | 0% | - | 0% |
| Total (a+b) | 44,144,158 | 100% | 44,144,158 | 100% |

22. Prepayments

| Description | Period ended June 2025 | Opening Statement 1st July 2024 |
|-----------------------------|------------------------|---------------------------------|
| | Kshs | Kshs |
| Prepaid Rent | - | - |
| Prepaid Insurance | - | - |
| Prepaid Electricity Costs | - | - |
| Other Prepayments (Specify) | - | - |
| Total | - | - |

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23. Property, Plant and Equipment

| | Land | Buildings | Motor vehicles | Infrastructure assets | Furniture and fittings | Computers & ICT Equipment | Work in progress | Service concession assets | Total |
|--|-------------|-------------|----------------|-----------------------|------------------------|---------------------------|------------------|---------------------------|-------------|
| Depreciation Rate | | 10% | 25 % | 20% | 12.50% | 30 % | | | |
| Cost | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| Opening Bal as 1st July 2024 | - | - | - | - | 304,063 | - | - | - | 304,063 |
| Additions | - | - | - | - | 1,199,602 | 299,200 | - | - | 1,498,802 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfer/Adjustments | - | - | - | - | - | - | - | - | - |
| As At June 2025 | - | - | - | - | 1,503,665 | 299,200 | - | - | 1,802,865 |
| Depreciation And Impairment | | | | | | | | | - |
| Opening bal accumulated depreciation 1st July 2024 | - | - | - | - | 38,008 | - | - | - | 38,008 |
| Depreciation | - | - | - | - | 183,207 | 89,760 | - | - | 272,967 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - | - |
| Transfer/Adjustment | - | - | - | - | - | - | - | - | - |
| As At 30 June 2025 | - | - | - | - | 221,215 | 89,760 | - | - | 310,975 |
| Net Book Values | | | | | | | | | - |
| Opening Bal as at 1st July 2024 | - | - | - | - | 266,055 | - | - | - | 266,055 |
| As At 30th June, 2025 | - | - | - | - | 1,282,450 | 209,440 | - | - | 1,491,890 |

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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). These amounts were adopted on xxx.

23 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 | 299,200 | 89,760 - | 209,440 |
| Office Equipment, Furniture, And Fittings | 1,503,665 | 221,215 | 1282,450 |
| Total | 1,802,865 | 209,440 | 1,491,880 |

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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24. Intangible Assets

| Description | Period ended June 2025 |
|--|---------------------------|
| | Kshs |
| Cost | |
| Opening balance at 1 st July 2024 | 3,480,000 |
| Additions | - |
| Disposal | - |
| At end of the 2025 | 3,480,000 |
| Amortization and impairment | |
| At beginning of the year | - |
| Amortization | 3,480,000 |
| At end of the year | |
| Impairment loss | 1,044,000 |
| At end of the year | 730,800 |
| NBV at July 1st 2024 | 1,774,800 |
| NBV at June 30th 2025 | - |

Not applicable to Luanda NG-CDF

25. Right-of use assets

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

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26. Trade and Other Payables

| Description | Period ended June 2025 | | Opening Statement 1 st July 2024 | |
|---|------------------------|-----------------------|---|-----------------------|
| | Kshs | | Kshs | |
| Trade payables | - | | 30,000 | |
| Employee payables | - | | - | |
| Other payables | - | | - | |
| Total trade and other payables | - | | 30,000 | |
| | | | | |
| Aging analysis: (Trade and other payables) | 2024-2025 | % of the Total | 1st July | % of the Total |
| Under one year | 30,000 | 100% | - | 100% |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (tie to above total) | - | | - | |

27. Third-Party deposits

| | Period ended June 2025 | | Opening Statement 1 st July 2024 | |
|---|------------------------|--|---|--|
| | Kshs | | Kshs | |
| Retention as at start of the period (A) | 2,622,008 | | 2,622,008.00 | |
| Retention held during the period (B) | 5,712,671 | | - | |
| Retention paid during the period (C) | 4,018,805 | | - | |
| Closing Retention as at 30th June 2025 , D= A+B-C | 4,315,874 | | 2,622,008 | |

Retentions aging analysis.

| | 2024-2025 | % of the total | 2023-2024 | % of the total |
|------------------|---------------------|----------------|---------------------|----------------|
| Less than 1 year | 1,344,861.00 | 79% | 2,137,008.00 | 100% |
| 1-2 years | 355,104.00 | 21% | - | - |
| 2-3 years | - | - | - | - |
| Over 3 years | - | - | - | - |
| Total | 1,699,965.00 | 100% | 2,137,008.00 | 100% |

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28. Lease Liabilities

| Description | Period ended June 2025 | Opening Statement 1 st July 2024 |
|--------------------------------------|------------------------|---|
| | Kshs | Kshs |
| Balance at the beginning of the year | - | - |
| Discount interest on lease liability | - | - |
| Paid during the year | - | - |
| At end of the year | - | - |

Maturity Analysis

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

Analysed as:

| Description | Amount |
|--------------|--------|
| Current | - |
| Non- Current | - |
| Total | - |

29. Gratuity Provision

| Description | Period ended June 2025 | Opening Statement 1 st July 2024 |
|---|------------------------|---|
| | Kshs | Kshs |
| Gratuity at the beginning of the period (A) | 950,462 | 950,462.00 |
| Gratuity held during the period (B) | 780,702 | - |
| Gratuity paid during the period (C) | 22,364 | - |
| Total Gratuity provision as at period ended 30th June 2025 D=(A+B-C) | 1,708,800.00 | 950,462.00 |

30. Cash Generated from Operations

| | Period ended June 2025 |
|--|------------------------|
| | Kshs |
| Surplus for the period before tax | 3,297,289 |
| Adjusted for: | |
| Depreciation | 1,003,767 |
| Non-cash grants received | - |
| Contributed assets | - |
| Impairment | - |
| Gains and losses on disposal of assets | - |
| Contribution to provisions | - |
| Contribution to impairment allowance | - |
| Working capital adjustments | |
| Changes in inventory | - |
| Changes in receivables | (4,635,241) |
| Changes in deferred income | - |
| Changes in Third party deposits | (1,555,866) |
| Changes in gratuity provision | (758,338) |
| Changes in payments received in advance | - |
| Net cash flow from operating activities | 11,250,501 |

31. Financial Risk Management

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

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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 (Current FY) | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | 44,144,159 | 44,144,159 | - | - |
| Bank balances | 19,970,293 | 19,970,293 | - | - |
| Total | 64,114,451 | 64,114,451 | - | - |
| As at 30 June (Previous FY) | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | 48,779,400 | 48,779,400 | - | - |
| Bank balances | 2,607,963 | 2,607,963 | - | - |
| Total | 51,387,363 | 51,387,363 | - | - |

Financial Risk Management

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

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adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from no Organization. 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 | - | - | 2,322,768 | 2,322,768 |
| Total | - | - | 2,322,768 | 2,322,768 |
| As at 30th June (Previous FY) | | | | |
| Trade payables | - | - | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | - | - | - | - |

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

Luanda NG-CDF 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. Luanda manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments. The carrying amount of the NG-CDF foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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2024-2025

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

Foreign currency sensitivity analysis

2024-2025

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

Financial Risk Management

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

| Description | Change in currency rate | Effect on Profit before tax | Effect on Equity/Net assets |
|--------------------|----------------------------|--------------------------------|--------------------------------|
| | Kshs | Kshs | Kshs |
| Current FY | | | |
| Euro | NA | - | - |
| USD | NA | - | - |
| Previous FY | | | |
| Euro | NA | - | - |
| USD | NA | - | - |

Not applicable to Luanda NG-CDF

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

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one percentage point as a decrease/increase of Kshs 0 (Current FY: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 00 (2024-2025 – Kshs 0)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

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

| Description | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|---------|---------|---------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| As at 30 June 2025 | | | | |
| Financial Assets | | | | |
| Quoted Equity Investments | NA | NA | NA | NA |
| Non- Financial Assets | | | | |
| Investment Property | NA | NA | NA | NA |

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| | | | | |
|---|----|----|----|----|
| Land And Buildings | NA | NA | NA | NA |
| Total | NA | NA | NA | NA |
| As at 30th June (Previous FY) | | | | |
| Financial Assets | | | | |
| Quoted Equity Investments | NA | NA | NA | NA |
| Non- Financial Assets | NA | NA | NA | NA |
| Investment Property | - | - | - | - |
| Land And Buildings | - | - | - | - |
| Total | - | - | - | - |

Not applicable to Luanda NG-CDF

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

iv) Capital Risk Management

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

| Description | Period ended June 2025 | Opening Statement 1 st July 2024 |
|---|---------------------------|---|
| | Kshs | Kshs |
| Revaluation Reserve | - | - |
| Retained Earnings | 19,970,293 | - |
| Capital Reserve | - | - |
| Total Funds | - | - |
| Total Borrowings | - | - |
| Less: Cash and Bank Balances | 19,970,293 | - |
| Net Debt/(Excess Cash And Cash Equivalents) | - | - |
| Gearing | - | - |

32. Related Party Disclosures

| | Period ended June 2025 | Opening Statement 1 st July 2024 |
|--|---------------------------|---|
| | Kshs | Kshs |
| Committee Members Remuneration | | |
| Sitting allowance of committee Members during the year | 1,835,200 | 926,000 |
| | | |
| Transaction with the NGCDF Board | | |
| Transfers from the NGCDF Board during the year | 170,469,857 | 180,459,186 |
| Total | 172,305,057 | 181,385,186 |

33. Segment Information

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

34. Contingent Assets and Contingent Liabilities

Contingent Assets

| Description | Period ended June 2025 | Opening Statement 1 st July 2024 |
|--|---------------------------|--|
| | Kshs | Kshs |
| Contingent Assets | | |
| Insurance Reimbursements | NA | NA |
| Assets Arising from Determination Of Court Cases | NA | NA |
| Reimbursable Indemnities and Guarantees | NA | NA |
| Receivables From Other Government Entities | NA | NA |
| Others (Specify) | NA | NA |
| Total | NA | NA |

Not applicable to Luanda NG-CDF

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Contingent Liabilities

| Description | Period ended June 2025 | Opening Statement 1 st July 2024 |
|--|------------------------|---|
| | Kshs | Kshs |
| Contingent Liabilities | NA | NA |
| Court Case xx against the Entity | NA | NA |
| Bank Guarantees in Favour of Subsidiary | NA | NA |
| Contingent Liabilities arising from Contracts Including PPPs | NA | NA |
| Others (Specify) | NA | NA |
| Total | NA | NA |

Not applicable to Luanda NG-CDF

35. Capital Commitments

| Capital Commitments | Period ended June 2025 | Opening Statement 1 st July 2024 |
|-------------------------------|------------------------|---|
| | Kshs | Kshs |
| Authorized for | NA | NA |
| Authorized and Contracted for | NA | NA |
| Total | NA | NA |

36. Events after the Reporting Period

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

37. Ultimate And Holding Entity

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

38. Currency

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

18. Annexes

Annex 1: Summary of Asset Register

| Asset class | Historical Cost balance brought forward | Additions during the period (Kshs) | Disposals during the period (Kshs) | Historical Cost |
|--|---|------------------------------------|------------------------------------|--------------------|
| | (Kshs) | | | (Kshs) |
| | | | | At Year/period End |
| Land | - | - | - | - |
| Buildings and structures | 42,998,746 | - | - | 42,998,746 |
| Transport equipment | 6,000,000 | - | - | 6,000,000 |
| Office equipment, furniture and fittings | 3,182,500 | 1,199,602 | - | 4,382,102 |
| ICT Equipment, Software and Other ICT Assets | 458,000 | - | - | 458,000 |
| Other Machinery and Equipment | - | 299,200 | - | 299,200 |
| Intangible assets | 3,505,000 | - | - | 3,505,000 |
| Total | 56,144,246 | 1,498,802 | - | 57,643,048 |

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

| PMC | BANK | ACCOUNT NUMBER | BANK BALANCE | OPENING STATEMENT 1 ST JULY 2024 |
|------------------------------------|---------------|----------------|----------------|---|
| | | | CURRENT PERIOD | |
| Magombo DEB Primary School | 1240262379266 | Equity | 101,061 | 2,440 |
| Riangombe DOK Primary School | 1240280115715 | Equity | 80,537 | 5,685 |
| Riensune DEB Primary School | 1240280115897 | Equity | 7,477 | 7,477 |
| Ensakia DEB Primary School | 1240280118844 | Equity | 9,718 | 9,718 |
| Kenyoro SDA Primary School | 1240280171449 | Equity | 2,360 | 2,360 |
| Kekinga DEB Primary School | 1240280782286 | Equity | 7,122 | 7,122 |
| Nyansakia DEB Primary School | 1240280835626 | Equity | 278,300 | - |
| Nyansiongo DOK Primary School | 1240280988776 | Equity | 4,510 | 4,510 |
| Ensinyo Primary School | 1240280988776 | Equity | 1,060 | 1,060 |
| Endemu DOK Primary School | 1240178944432 | Equity | 1,962 | 1,952 |
| Mekenene DEB Primary School | 1840280839421 | Equity | 6,477 | 6,477 |
| Nyandoche Ibere DOK Primary School | 1240282690505 | Equity | 2,600 | 2,600 |
| Kineni Primary School | 1240269045314 | Equity | 1,799 | 1,799 |

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| | | | | |
|--------------------------------|----------------|------------|---------|---------|
| Biego DOK Primary School | 0520262260497 | Equity | 3,773 | 3,773 |
| Nyagware Primary School | 520294338073 | Equity | 8,256 | 8,256 |
| Itumbe SDA Primary School | 1240269113957 | Equity | 2,198 | 2,198 |
| Omosocho SDA Primary School | 1240278902195 | Equity | 173,730 | 480 |
| Chinche DEB Primary School | 0520180860769 | Equity | 3,220 | 3,220 |
| Amakura DEB Primary School | 0520262247299 | Equity | 4 | 4 |
| Mokomoni DOK Primary School | 0520192666241 | Equity | 32,465 | 32,465 |
| Emboye DEB Primary School | 0520262252445 | Equity | 3,199 | 3,199 |
| Ibara Dok Primary School | 0520279382432 | Equity | 150,028 | 7,528 |
| Nyamori DOK Primary School | 0520280119224 | Equity | 3,000 | 3,000 |
| Rianyakangi DEB Primary School | 0520262259787 | Equity | 6,344 | 113,672 |
| Nyankongo Primary School | 0520262246260 | Equity | 832,618 | 11,368 |
| Kiabonyoru SDA primary School | 1184315183 | KCB | 2,289 | 2,415 |
| Menyenya SDA Primary School | 1110933231 | KCB | 371,716 | 7,426 |
| Borabu DEB Primary School | 1233262238 | KCB | 4,632 | 5,408 |
| Mecheo SDA Primary School | 01139361967800 | CO-OP BANK | 25,752 | |

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| | | | | |
|-----------------------------------|----------------|------------|---------|---------|
| | | | | 25,752 |
| Simbauti SDA primary school | 01139361961300 | CO-OP BANK | 2,861 | 2,861 |
| Isoge Primary School | 124028555225 | Equity | 49,500 | 500,000 |
| Nyageita DOK Primary School | 0520165627235 | Equity | 168,369 | 180,428 |
| Mwongori Primary School | 1240285882267 | Equity | 35,327 | - |
| Rigena Primary School | 01139363135300 | CO-OP BANK | 47,503 | 2,063 |
| Kitaru DOK Primary School | 1176512641 | KCB | 102,793 | 3,033 |
| Masige Primary School | 1240262298978 | Equity | 1,993 | - |
| Saiga Ngiya Primary School | 1240286125815 | Equity | 5,322 | - |
| St Albert Mokomoni Primary School | 1176512316 | KCB | 700,000 | - |
| Ribaita DEB Primary School | 1152855972 | KCB | 2,951 | 2,951 |
| Nsicha DEB Primary School | 0520277409384 | Equity | 48,660 | 106,752 |
| Ekige DEB Primary School | 1240280132154 | Equity | 32,434 | 32,434 |
| Nderema Primary School | 01139016652601 | CO-OP BANK | 83,834 | 7,109 |
| Rianyaemo Primary School | 1240285372237 | Equity | 2,000 | 10,620 |
| Kebuse Primary School | 1240262302218 | Equity | 25,625 | |
| Mote Oguto Primary School | 0520286627866 | Equity | 107,253 | |
| Egentubi Primary School | 1340513412 | KCB | 58,022 | - |
| St Gonza Gonza Secondary School | 1240279639614 | Equity | 32,893 | 32,893 |
| Keginga Secondary School | 1240280034673 | Equity | 16,374 | |

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| | | | | |
|--------------------------------------|---------------|--------|---------|-----------|
| | | | | 16,374 |
| Menyenya SDA Secondary School | 1240281257110 | Equity | 31,965 | 31,965 |
| Kineni Secondary School | 1240269805491 | Equity | 36,566 | 758,958 |
| Eronge SDA Mixed Secondary School | 1240277452745 | Equity | 5,332 | 5,332 |
| St. Francis Kerema Secondary School | 0520271670827 | Equity | 16,769 | 16,769 |
| St. Theresa Omonono Secondary School | 0520263303404 | Equity | 495 | 495 |
| St. Pauls Omonayo Secondary School | 1240264569203 | Equity | 246,189 | 1,504,256 |
| Kiabonyoru Girls Secondary School | 0520281266898 | Equity | 154,117 | 923,474 |
| Nsicha DEB Secondary School | 0520280146952 | Equity | 20,219 | 20,219 |
| Mote Oguto PAG Secondary School | 0520263540717 | Equity | 6,694 | 6,694 |
| Magura Secondary School | 1240277412452 | Equity | - | - |
| Tindereti Secondary School | 1240279717387 | Equity | 230,712 | 387,839 |
| Egentubi Secondary school | 1110008791 | KCB | 13,942 | 13,942 |
| Rigoko Secondary School | 1154219461 | KCB | 4,887 | 4,887 |
| Ribaita Secondary School | 1152855972 | KCB | 3,191 | 3,191 |
| St. Patrick Kahawa Secondary | 12577620036 | KCB | 4,044 | 4,044 |
| St Thomas Moore Secondary Secondary | 1200399684 | KCB | 25 | |

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| | | | | 25 |
|-----------------------------------|----------------|--------|---------|---------|
| AIC Gietai Secondary school | 1235910903 | KCB | 80 | 131,598 |
| Manga Girls High School | 1240276415330 | EQUITY | 1,820 | 1,820 |
| Nyansiongo High School | 1151744697 | KCB | 821 | 821 |
| Biego Secondary School | 1102900389 | KCB | - | - |
| Mwongori High School | 1240297011789 | EQUITY | - | - |
| Mecheo Secondary School | 1152185314 | KCB | - | - |
| Kijauri Level 4 Hospital | 1240267244631 | Equity | 53,998 | 53,998 |
| Kiangeni Divisional Head Quarters | 1240280120242 | Equity | 2,677 | 2,677 |
| Mokwerero Ass Chief's Office | 1240284275364 | Equity | 39,018 | 39,018 |
| Saiga ngiya AP Line | 1240270320031 | Equity | 103,330 | 103,330 |
| Kitaru Ass Chief's Office | 1240285531022 | Equity | 60,214 | - |
| Mokomoni Police Post | 1840280941376 | Equity | 3,425 | 20,425 |
| Mecheo Location Chief's Office | 1240282216173 | Equity | 1,050 | 1,050 |
| Ensakia Chief's Office | 1240282242901 | Equity | 205,293 | 5,293 |
| Borabu DCC Staff Houses | 1240282432232 | Equity | 29,965 | 29,965 |
| Riontonyi Police Station | 12402812512654 | Equity | 2,970 | 2,970 |
| Riogeto Police Station | 1240282604136 | Equity | 552,144 | 133,709 |

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| | | | | |
|--|----------------|--------|------------------|------------------|
| Ekerubo Chief's Office | 1840280851437 | Equity | 478,076 | 3,076 |
| Menyenya Ass. Chief's Office | 1840280818579 | Equity | 3,975 | 3,975 |
| Matutu Sub Location Office | 1240280843349 | Equity | 991 | 991 |
| Nyansiongo Gesima Assistant Chief's Office | 1240280186387 | Equity | 7,045 | 7,045 |
| Mokomoni Market Police Post | 0520285379355 | Equity | 1,700 | - |
| Mokomoni Township Chiefs Office | 124285874024 | Equity | 146,589 | - |
| Matutu Police | 1840285415237 | Equity | 33,618 | 97,855 |
| Amatierio Ass Chiefs Office | 0520285409426 | Equity | 47,716 | - |
| Bonyarorande cache chiefs office | 0520285533553 | Equity | 597,164 | - |
| Ensakia Ass Chief's Office | 1840285950350 | Equity | 71,000 | - |
| Ensakia ASTU | 1240285371702 | Equity | 71,127 | - |
| Nyakwerema Secondary School | 0520262257415 | Equity | 7,015 | 7,015 |
| Tindereti DEB Primary School | 12402858848882 | Equity | 2,000 | - |
| Nyansiongo Digital Hub | 1240286425872 | Equity | 398,811 | - |
| | | | | |
| Totals | | | 7,350,690 | 5,509,593 |

National Government Constituencies Development Fund (NGCDF)

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|-----------------------------------|--|
| 1.1 | <p>1.0 Transfers to Other Government Units</p> <p>Stalled Project Works- Borabu Teachers College</p> <p>The statement of receipts and payments as disclosed under Note 7 to the financial statements reflects Kshs.87,932,931 transferred to other government units. Included in this balance is an amount of Kshs. 8,678,634 being transfers to tertiary institutions. The latter amount includes transfers to Borabu Teachers College of Kshs.8,478,634 for the commencement of construction of the college. Part of the</p> | <p>We note that there was a delay in works as the contractor had some issues to clear with KRA which he had reported and has now cleared them. Works are now on course as the pictures attached.</p> <p>The engineer gave an instruction for use of bricks on some internal finishes so as to reduce the shelf weight of the building.</p> | resolved | Works back on track |

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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>works done involved external and internal walling differed with the bill of quantities. The internal walls were to be done using fine chiselled natural stones but instead clay burnt bricks were used. The tender had been awarded to a local company at a cost of Kshs.39,673,102 and the contract was valid for 24 months starting 19 September 2023. Physical verification of the project as at November 2024 revealed construction work had stalled and the contractor was not on site. This is contrary to NG-CDF Act, 2015 Section 25. (1) and (2) which emphasis on the need of funding for a complete project.</p> <p>In the circumstances, the value for money might not have been realized from the project.</p> | | | |
| 1.2 | <p>1.2 Irregular Payments made to Contractors</p> <p>The statement of receipts and payments reflects an amount of Kshs. 87,932,931 relating to transfers to other government units. Included is an amount of Kshs.34,744,178 being transfers to</p> | <p>We acknowledge the anomaly. The institutions in question had some administrative challenges on their boards and the NGCDF committee felt that disbursement of funds to the PMC's would have implementation challenges. A resolution was made to</p> | Resolved | February 2025 |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|-----------------------------------|--|
| | <p>secondary schools and Kshs.8,678,634 transfer to tertiary institutions as disclosed in Note 7 to the financial statements. Review of the bank statements revealed an amount of Kshs.4,739,283 was paid directly to the contractors without actual transfers being made to the Project Management Committees (PMCs) accounts contrary to NGCDF Act, section 36(1) which directs on implementation of the projects by the PMCs.</p> <p>In the circumstance, the management was in breach of the law.</p> | <p>implement the projects directly due to the wrangles.</p> | | |
| 2.0 | <p>2.0 Unremitted National Industrial Training Authority (NITA) Payments</p> <p>The statement of receipts and payments as disclosed under not 4 to the financial statements reflects compensation of employees amounting to Kshs.2,970,468. Included is an expenditure of Kshs.2,291,194 and Kshs.131,770 in respect staff salaries, and employer contributions to National Social Security Schemes respectively. However, during the year the Fund did not</p> | <p>We acknowledge the anomaly and state that we will remit the NITA unpaid dues. We are remitting the payments regularly in the going forward.</p> | Resolved | January 2025 |

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---------------------|-----------------------------------|--|
| | <p>remit employees deductions to the National Industrial Training Authority (NITA), against the industrial training Act section 5 (Cap 237) which requires the employers to pay NITA annually at a monthly rate of Kshs.50 per employee. The entity ought to have paid Kshs.1,500 each month for the 9 months for NITA leading to understatement of employee cost by Kshs. 13,500.</p> <p>In the circumstance, Management was in breach of the law.</p> | | | |
| | | | | |

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Name *Edwin Ketcha*
Fund Account Manager.

