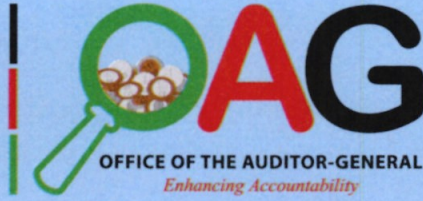


REPUBLIC OF KENYA



REPUBLIC OF KENYA

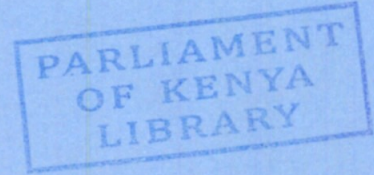


OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – ISIOLO SOUTH
CONSTITUENCY**

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

THE NATIONAL ASSEMBLY PAPERS LAD	
DATE: 17 FEB 2026	DAY: TUESDAY
TABLED BY:	DEPUTY MAJORITY LEADER FINLAY



OFFICE OF THE AUDITOR-GENERAL
ISIOLO REGIONAL OFFICE
29 AUG 2025
P. O. Box 1027 - 60300, ISIOLO
RECEIVED



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

ISIOLO SOUTH CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

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

2. Key Constituency Information and Management

(a) Background information

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

Mandate

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

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

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

Vision

Equitable Socio-economic development countrywide.

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

The NGCDF Isiolo south 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	Johnson Njinju Maina
2.	National Sub-County Accountant	Titus Nabea
3.	Chairman NGCDFC	Wako Abdi Wako

(c) Fiduciary Oversight Arrangements

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF Isiolo South 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 Isiolo south Constituency Headquarters

P.O. Box 1
NGCDF Building
Next to Garbatulla County Hall
Garbatulla, KENYA

(e) NGCDF Isiolo south Constituency Contacts

Telephone: (254) 722 423 362

E-mail: isiolosouth@ngcdf.go.ke

Website: www.isiolosouth.ngcdf.go.ke

(f) NGCDF Isiolo South Constituency Bankers

1. Bank A. (Operations Account).

Consolidated Bank

Ac No. 10111200000072

Isiolo Branch

Name of the Project/Account Name	Bank Name and Branch	Account Number
BILIQI NUR PRY SCH ISIOLO SOUTH NGCDF-PMC	Consolidated	10111203000291
GARBATULLA BOARDING PRY SCH NG-CDF PMC	Consolidated	10111203000283
YAQ BARSADHI PRY SCH PMC	Consolidated	10111203000290
MUCHURO PRY SCH ISIOLO SOUTH NGCDF PMC	Consolidated	10111203000292
DUSE PRIMARY SCH ISIOLO SOUTH NGCDF-PMC	Consolidated	10111203000285
MALKAMANSA PRIMARY SCHOOL PMC	Consolidated	10111301000445

*National Government Constituencies Development Fund (NGCDF)
Isiolo South Constituency
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BILIQI NUR PRIMARY SCHOOL PMC	Equity	,0410285494148
Malkadaka Primary School	Consolidated	10111301000240
MaLKAMANSA Pry school	Equity	,0410286169705
Rapsu Primary school	Equity	,0410285493832
Sericho primary school	Equity	,0410285490906
BILIQI NUR PRIMARY SCHOOL PMC	Equity	,0410285494148
BILIQI NUR PRIMARY SCHOOL PMC	Equity	,0410285494241
DUSE PRIMARY SCH ISIOLO SOUTH NGCDF-PMC	Equity	,0410285484899
SERICHO SEC SCH ISIOLO SOUTH NG-CDF PMC	Consolidated	10111203000299
ALGANI GIRLS SECONDARY SCHL PMC	Consolidated	10111301000436
GAFARSA DAY SECONDARY SCHOOL PMC	Consolidated	10111301000424
BILIQI NUR MIXED DAY SEC SCH	Consolidated	10111203000305
Garbatulla Girls Day Sec Sch NGCDF PMC	Consolidated	10111203000210
Garbatulla high sch NG-CDF Gabbions	Consolidated	10111203000311
GARBATULLA POLICE STATION NGCDF- PMC	Consolidated	10111203000229
BOJI CHIEF OFFICE ISIOLO SOUTH NGCDF-PMC	Consolidated	10111203000288
Kinna Police Station PMC	Consolidated	10111203000303
ICT Centre garbatulla - PMC	Consolidated	10111203000312
Sericho Sub-county Education Office PMC	Consolidated	10111301000723
Omara boardingb primary school	Equity	,0410285492252
Kinna Primary School	Equity	,0410285489387
Gubatu primary school	Equity	,0410285489053
Kulamawew Primary school	Equity	,0410285485868
Kinna Secondary School	Consolidated	10111203000306
Kulamawe secondary school	Consolidated	10111203000304
Nagaa Primary school	Consolidated	10111301000222
Rapsu Chief office	Consolidated	10111203000314
Garbatulla Ng-cdf office	Consolidated	10111203000300


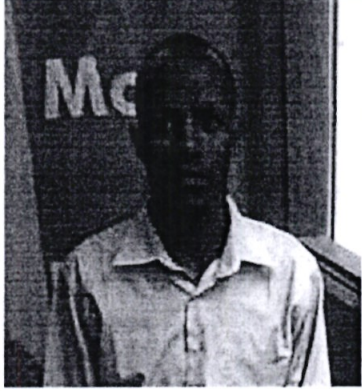

(g) Independent Auditor

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

(h) Principal Legal Adviser

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

3. NGCDF Committee

Name	Details
 <p>Chairman: Wako Abdi Wako</p>	<p>Date of Birth: 12/07/1989 Academic Qualification: Bachelors of commerce Professional Qualification: ACCA Work experience: 11 years Served as NG-CDFC for 1 year</p>
 <p>Jarso Abduba Wario: Male (Youth)</p>	<p>Date of Birth: 01/01/1989 Academic Qualification: Form Four Professional Qualification: Business man Work experience: 10 years Served as NG-CDFC for 2 years</p>
 <p>PWD Rep: Sharif Duba Kontoma</p>	<p>Date of Birth: 10/1/1994 Academic Qualification: Form Four Professional Qualification: Business Work experience: 8 years Served as NG-CDFC for 2 years</p>

	<p>Date of Birth: 01/01/1973 Academic Qualification: Form Four Professional Qualification: Business Work experience: 10 years</p> <p>Served as NG-CDFC for 2 years</p>
	<p>Date of Birth: 09/10/1996 Academic Qualification: Form Four Professional Qualification: Business Work experience: 5 years</p> <p>Served as NG-CDFC for 2 years</p>
	<p>Date of Birth: 24/11/1986 Academic Qualification: Professional Qualification: Certificate in front office services Work experience: 8 years</p> <p>Served as NG-CDFC for 2 years</p>

Nuria Hilowle Jattan
 Female Representative

Zeituna Hassan Bure
 Female (Youth)

Amina Bidu Dida female
 (Adult)



Hassan Ali Galgalo: Male
Adult

Date of Birth: 01/01/1960
Academic Qualification: Mdrasa
Professional Qualification: Business
Work experience: 30 years
Served as NG-CDFC for 2 years



Fund Account Manager

Date of Birth: 07/09/1970
Academic Qualification: Bachelors of commerce (Accounting)
Professional Qualification: Accountant
Work experience: 30 years

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

4. NG-CDFC Chairman's Report



It is my great honour to present the Isiolo South National Government Constituencies Development Fund (NG-CDF) Annual Report and Financial Statements for the 2024–2025 Financial Year.

During this period, our primary focus was to enhance the efficiency and impact of our operations, particularly in the education sector. We undertook a comprehensive assessment of the needs of our learning institutions — both primary and secondary — to ensure that no deserving school was overlooked in terms of infrastructure development. This strategic mapping allowed for a more targeted and effective allocation of resources, while also safeguarding against the risk of diluting our impact through overextension.

In addition, we prioritized the support of students in the eight secondary schools within the constituency by channelling bursary funds toward scholarships. This initiative was designed to promote access to education and improve learning outcomes for students from vulnerable backgrounds. The bursary program continues to serve as a critical pillar in our commitment to inclusive education.

Budget and Allocations:

Total Budget Allocation for FY 2023/2024: kshs. 160,630,512

Cash Book Balance as of June 30, 2024: Kshs. 36,249,213.56 (unutilized funds carried forward) and PMC balances Kshs 22,662,193

Funds Received for the current year:

Total disbursement from NG-CDFB for the current year Kshs 102,730,512

Total Budget Allocation for FY 2024/2025 Kshs 167,597,759

Expenditure

Total Expenditure for the Year: Kshs 158,722,720

Percentage of Funds Utilized: Approximately 62%

This year, the Isiolo south NG-CDF has experienced a lower utilization rate compared to previous financial year. Upon receiving a total of Kshs. 102,730,512 which includes kshs 30,630,512

amount owing from the board for financial year 2023-2024 and Kshs 36,249,213.56 balance carried forward at the beginning of the year, the total expenditure of Kshs. 158,722,720 represents a low percentage of fund utilization.

Budget utilization across various sectors has declined due to delays in receiving funds from the NG-CDFB. Compared to last financial year, the Entity’s budget and overall funding have experienced a significant reduction.

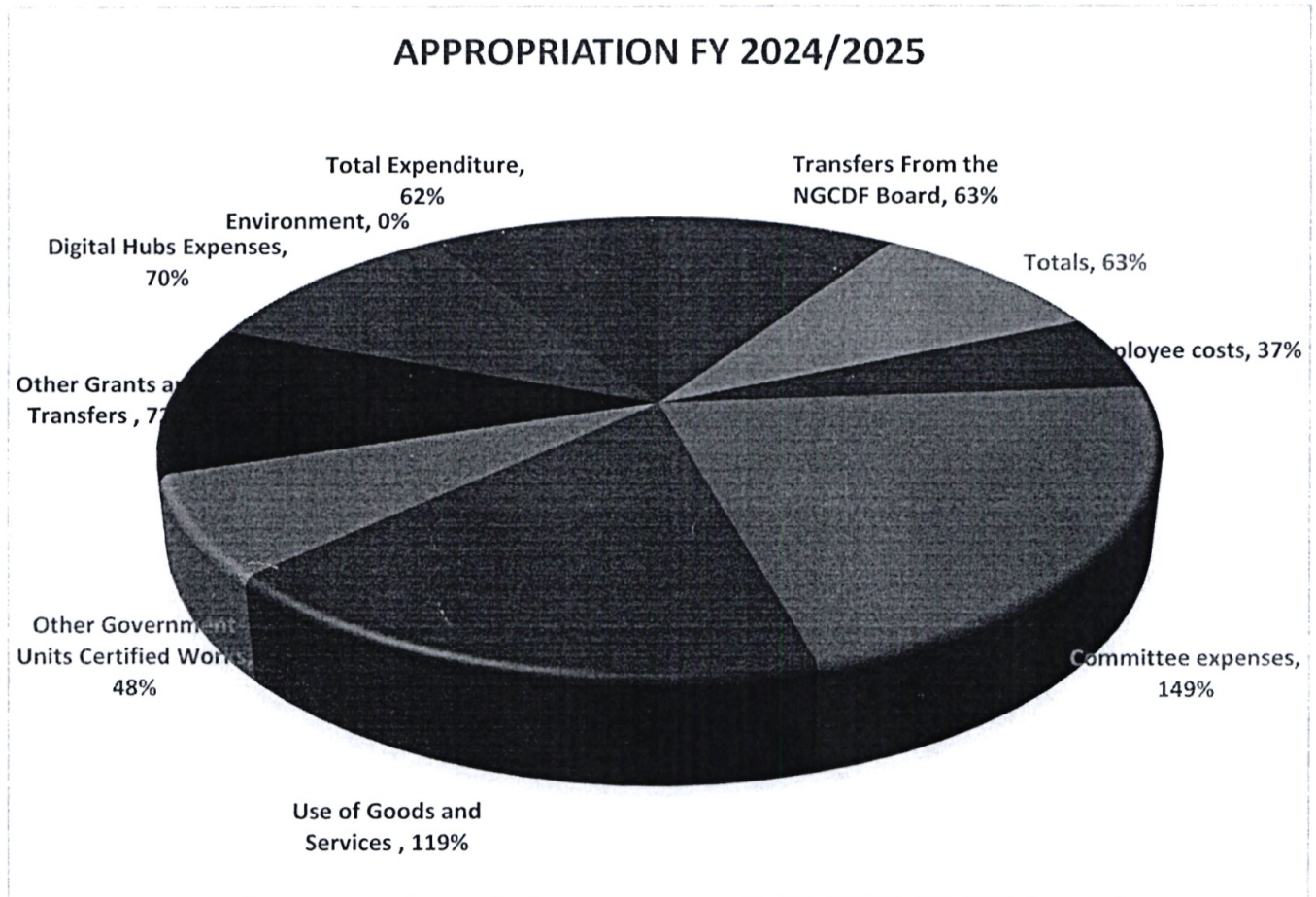


Figure 1 Budget Appropriation

The performance of the Entity greatly depends on the availability of funds to implement projects; without these resources, activities come to a standstill. The Constituency is committed to thorough planning to ensure that, despite delays, all projects scheduled for the year will be completed by December 2025.

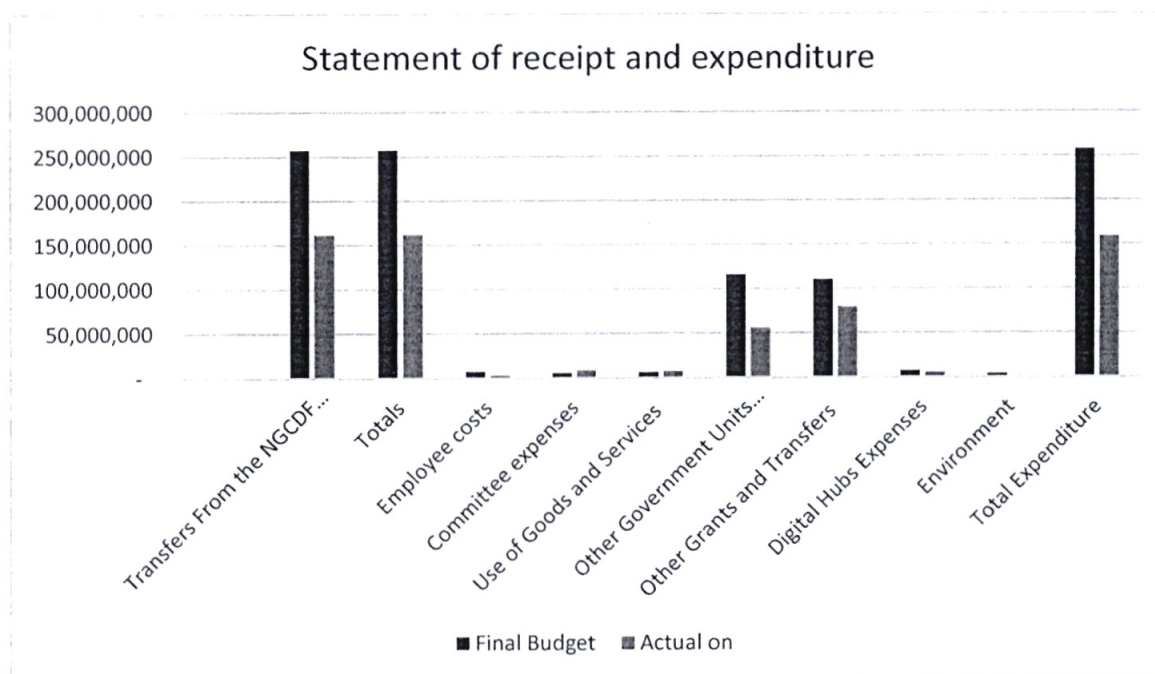


Figure 2 Statement of receipt and expenditure for FY 2024-2025

Achievements:

1. The oversight exercise helped instil greater financial discipline among PMCs.
2. Filing of project returns has now been widely embraced across all PMCs, improving accountability and transparency.

Challenges:


1. Access to records of work was hindered in some schools due to the absence of the responsible secretaries.
2. Some Project Management Committees (PMCs) demonstrated limited capacity, resulting in poorly maintained or incomplete documentation.
3. The vast geographical spread of the constituency, coupled with the high number of projects, made it difficult to visit and monitor every site.
4. A number of PMCs have not yet fully complied with the NG-CDF branding and labelling requirements.
5. Poor road infrastructure and long distances significantly increased the cost of transporting materials, leading to delays or incompleteness of some projects.

CONCLUSION AND RECOMMENDATIONS

1. Project Management Committees have demonstrated improved utilization of funds, ensuring value for money and alignment with project goals.
2. The NG-CDFC should strengthen its internal control systems through more rigorous and regular monitoring and evaluation to enhance the quality and progress of all funded projects.
3. There is a need to build the capacity of PMC members through targeted training programs, equipping them with relevant knowledge and skills for effective project implementation and participatory monitoring and evaluation.
4. A majority of PMCs have now complied with the branding and labelling requirements for NG-CDF-funded projects, which enhances visibility and accountability.

I take this opportunity to sincerely thank the NG-CDFC team, school administrators, and all community stakeholders for their unwavering dedication and collaboration in advancing our educational objectives.

Together, let us remain steadfast in our mission to build a more educated, empowered, and prosperous society.


.....

Name: Wao Abdi Wako
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 Isiolo South Constituency 2024-2055* plan are to:

1. Improve infrastructure in all schools and Increased funding for bursaries
2. To have all children of school going age attending school
3. To have morally upright and economically engaged youths
4. Ensure equal representation and gender equality
5. Reduce insecurity in the community
6. Upgrade the working environment of the I administrators like the police officers, chiefs, assistant chiefs
7. Nurture the talents of the youths through sports activities
8. To enhance Tree Cover and Environmental Protections

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:

National Government Constituencies Development Fund (NGCDF)
Isiolo South Constituency
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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 -we increased number of classrooms and dormitories to various secondary and primary schools we issued Kshs.58,540,000 million in Bursaries to around various students in Secondary and Tertiary Institutions
Security	-Reduce insecurity incidences -Upgrade the working environment of the local administrators	Favorable working environment for the local administrators	Conducive environment for local administrators	Construction to completion of 5 roomed Chief Office. And Piping of Water from the borehole source to the Police Station
Climate change mitigation activities	Ensure a more sustainable and well-kept environment through planting of	-Planting of tree seedlings to schools to improve the forest cover	-Number of trees planted -Number of gabions	-Number of trees planted increased from 100 to 1000 -Number of institutions where

	trees and soil erosion conservation through proper drainage systems	- construction of gabions		gabions were constructed increased from 0 to 5
Emergency	Ensure enough preparation against uncertainties	Set aside emergency fund to cater for unforeseen occurrences	Number of uncertainties prevented	Number of uncertainties prevented increased from 2 to 18

6. Governance Statement

The NG-CDF Isiolo South is governed by the NG-CDF committee members who are selected by a selection panel established under paragraph (4) of NG-CDF regulations.

The functions of a constituency committee shall be to

- Build the capacity of project Management Committees and sensitize the community on the operations of the fund.
- Consider all project proposals from all wards in the constituency and any other projects which a constituency committee considers beneficial to the constituency;
- Ensure that all proposed projects are approved;
- Ensure that project proposals submitted to the board include detailed budget proposals, procurement plans and works plans; in approving a project and before submitting the project to the board for consideration, satisfy itself and make a declaration to the effect that such project (works and services) fall within the functions of the National Government under the constitution;
- Consult with relevant government department to ensure that cost estimates for projects are realistic; in considering joint projects;
- Ensure that projects proposed for funding fulfil the requirements provided in the Act and relevant circulars issued by the Board'
- Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board
- Ensure that project reports are prepared and submitted to the board;
- Ensure formation of project management committees, opening of project accounts, project implementation and closure of projects;
- Ensure that the principles of public finance as provided for under chapter twelve of the constitution and the public finance management legislation are observed in the management of the fund;
- 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;

- Collaborate with the officer of the Board seconded to the Constituency in the management of the fund, including the keeping of proper records and maintenance of books of account in accordance with section 38(b) of the Act;
- Record the names of all the signatories

Removal of NG-CDF Members

- The members of a constituency committee may remove a member in accordance with section 43(13) and (14) of the Act upon receipt of a complaint against a member.
- A complaint against a member of a constituency committee shall be deposited with the National Government Constituency office.
- The complaint referred to in paragraph (2) shall clearly set out the particulars of the issues complained of
- The secretary shall convene a special meeting in accordance with these regulations to deliberate on the complaint, but the member against whom the complaint is raised shall not participate in such a meeting
- If, at a meeting held pursuant to paragraph (4) members determine that sufficient grounds exist requiring the member against whom the complaint is raised to respond to the issues complained of, the secretary shall by notice, require the member to respond to the issues received in the complaint within fourteen days of the date of the notice
- A copy of the complaint and any other grounds of removal shall be attached to the notice issued under paragraph (5).
- The member against whom the complaint is raised may be required to respond to the complaint in writing. The member against whom a complaint is raised may, in addition to the written response required under paragraph (7), elect to be heard orally, and a constituency committee may hear such a member
- The member against whom a complaint is made may call witness. If the member against whom a complaint is raised choose not to submit a response in writing or to attend the hearings, a constituency committee may proceed to determine the matter

- Notwithstanding paragraph (10), a constituency committee may summon the member against whom the complaint is made to clarify any issue, and such member shall attend the hearing. Kenya subsidiary legislation, 2016 1955
- If the member against whom a complaint is made fails to respond to the complaint as may be directed by a constituency committee, the committee may proceed and make a determination based on the evidence available.
- A constituency committee shall issue its decision on the complaint within seven days after the conclusion of the hearing.
- If constituency committee resolves to remove the member against whom a complaint is made, the secretary shall communicate the decision of the constituency committee to the board within fourteen days of the decision.
- The communication to the board under paragraph (14) shall include dully executed proceedings, together with all the supporting documents.
- The board shall, within thirty days after receipt of the communication in the paragraph (14), consider the matter and issues a final declaration which shall be binding on all parties.

S/no	Name	Position
1	Wako Abdi Wako	Male Adult representative
2	Jarso Abduba Wario	Male youth representative
3	Amina Bidu Diba	Female Adult Representative
5	Zeituna Hassan Bure	Female Youth Representative
6	Shariff Duba Kontoma	PWD representative
4	Hassan Ali Galgalo	Constituency Nominee Male representative
7	Nuria Hilowle Jattan	Constituency Nominee Female representative

Members remuneration

During financial year 2024/2025 the NG-CDF committee members conducted 16 meetings. They were remunerated at a rate of kshs 5,000 per sitting and kshs 7,000 for the NG-CDF C Chairperson which were all subjected to 30% income tax

No. of meetings held during the financial year are as shown below.

S/no	Name	Position	No. of meetings attended
1	Wako Abdi Wako	Male Adult representative	24
2	Jarso Abduba Wario	Male youth representative	24
3	Amina Bidu Diba	Female Adult Representative	24
5	Zeituna Hassan Bure	Female Youth Representative	24
6	Shariff Duba Kontoma	PWD representative	24
4	Hassan Ali Galgalo	Constituency Nominee Male representative	24
7	Nuria Hilowle Jattan	Constituency Nominee Female representative	24
9	Charles Rukwaro Wandimi	DCC	24

Succession in NG CDFC

Composition of the selection panel was instituted vide letters from the Constituency Office Manager and the Deputy County Commissioner both dated 3rd and 4th February 2025 respectively. The Deputy County Commissioner nominated Mrs. Charles Wandimi to be the chair of the selection Committee. An advertisement calling for the members was released on 7th february, 2025 and was attached to notice boards in the Constituency where those interested were allowed to submit their applications by 19th February 2025 at 5.00 pm. The panel had its second sitting on 19th February 2025 to open and vet the applicants where the process was concluded on 21th February 2025 and a report sent to the NGCDF Board for ratification and onward to submission to the National Assembly for approval.

However, the NG-CDF board failed to approve the selected committee forwarded due to misconduct as per the audit report for the Fy 2020/2021 2022/2023 to 2023-2024

*National Government Constituencies Development Fund (NGCDF)
Isiolo South Constituency
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The process was latter commenced for selection of new members with the first sitting being 1st May 2025 as per the boards directive Ref letter dated 29 April 2025 REF: NG-CDFB/GEN/ISIOLO SOUTH/2025/01 The exercise concluded and a report sent to the NGCDF Board for ratification and onward to submission to the National Assembly for approval.

Isiolo south NG-CDF is waiting for the gazettelement of the new committee

The old members who operated up to expiration of their contracts April 2025 are as follows

S/no	Name	Position
1	Wako Abdi Wako	Male Adult representative
2	Jarso Abduba Wario	Male youth representative
3	Amina Bidu Diba	Female Adult Representative
5	Zeituna Hassan Bure	Female Youth Representative
6	Shariff Duba Kontoma	PWD representative
4	Hassan Ali Galgalo	Constituency Nominee Male representative
7	Nuria Hilowle Jattan	Constituency Nominee Female representative
9	Charles Rukwaro Wandimi	DCC

Risk management

The management of NG-CDF Isiolo south has always put in place measures to identify possible risk areas through a consultative engagement with various stakeholders and all risk mitigation factors have been put in place. In this regard the management has complied with NG-CDF Act 2022 as amended in 2023, PPRA regulations, PFM Act 2012, Board circulars, presidential directives and any other law regarding its operations

Conflict of Interest

During every meeting the management has always reminded committee members to declare any conflict of interest before the meeting starts and none of the members declared interest on any matters discussed during the year ended 30th June 2025.

7. Management Discussion and Analysis

7.1 Introduction

This report presents a review of the operational and financial performance of the Fund over the past five financial years. It highlights allocations, transfers, expenditure trends, and arrears. It also covers key interventions in bursaries, education, and security, reviews compliance with statutory requirements, identifies risks, and outlines future priorities for the Fund.

Operational and Financial Performance

Financial Year	Amount allocated for the FY	Balance brought forward from the previous FY	Amount owing from board for the previous FY	Transfer from the board for the FY	Total expenditure for the FY
2020-2021	137,088,879	10,339,354	90,861,336	187,867,724	185,882,553
2021-2022	137,088,879	21,667,690	52,998,879	157,488,879	184,427,069
2022-2023	131,342,462	689,529	32,598,879	100,289,530	72,301,443
2023-2024	160,630,512	27,988,087	64,341,359	194,341,341	186,112,214
2024-2025	161,497,759	71,511,425	30,630,530	168,141,937	158,316,475

The table above summarizes the financial performance of the Fund over the past five years.

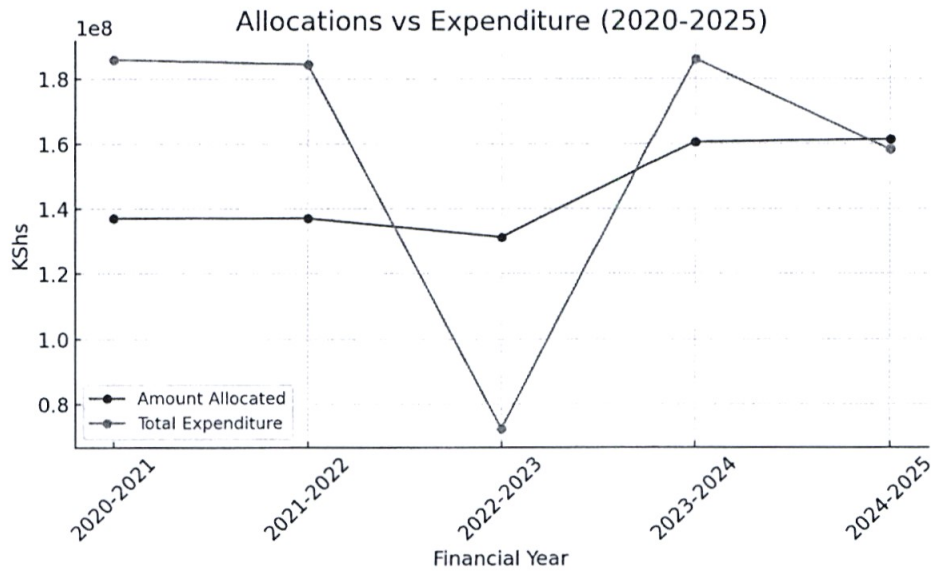


Figure 3: Allocations vs Expenditure (2020-2025)

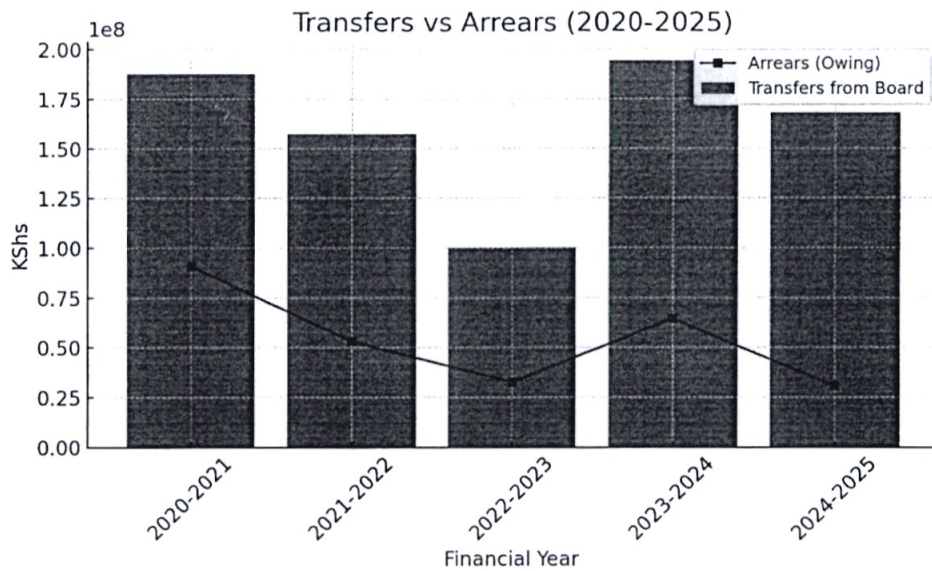


Figure 4: Transfers vs Arrears (2020-2025)

Share of Expenditure by Financial Year

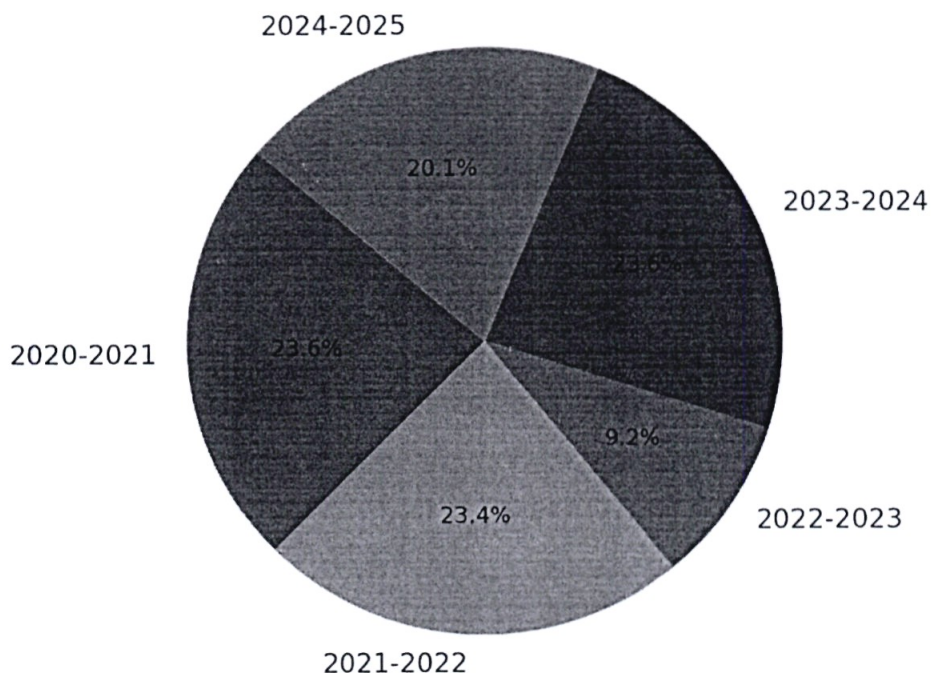


Figure 5: Share of Expenditure by Financial Year

Key Projects Implemented

The Fund has directed its resources strictly within its mandate, with major achievements recorded in:

- a) Bursaries – Full support to all eight secondary schools within the constituency under free education and bursaries to other secondary and tertiary institutions.
- b) Education – Construction and renovation of classrooms, desks, and sanitation facilities to improve learning conditions.
- c) Security – Construction of the modern Garbatulla Police Station, enhancing security and infrastructure in the constituency.

7.2 Compliance with Statutory Requirements

The Fund has maintained compliance with the Public Finance Management (PFM) Act, procurement laws, and timely submission of reports. All statutory deductions such as PAYE, NHIF, and NSSF are being adhered to.

7.3 Major Risks Facing the Fund

The Fund faces challenges including delayed disbursements, inflation affecting construction costs, and high community expectations. These risks are mitigated through prioritization of projects, phased implementation, and enhanced financial discipline.

7.4 Material Arrears in Obligations

Arrears peaked in 2020/2021 at KShs 90.86 million but have since reduced significantly to KShs 30.63 million in 2024/2025. This improvement reflects better financial discipline and timely disbursement schedules.

7.5 Review of the Economy and Sector

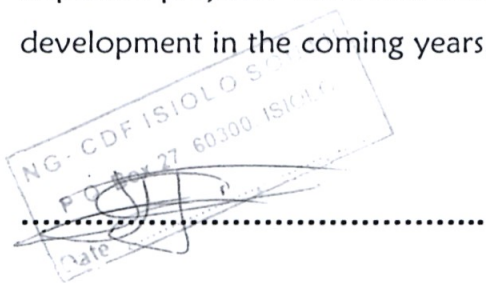
Macroeconomic challenges, including inflation and national revenue constraints, have affected disbursements. The Competency-Based Curriculum (CBC) has created demand for new school infrastructure. Security sector needs have also increased, requiring continued investment in facilities such as police stations.

7.6 Future Developments

The Fund will continue prioritizing bursaries, education infrastructure, and security. Plans include scaling up bursary support, investing in more classrooms and sanitation facilities, and enhancing security infrastructure. The Fund also intends to adopt digital systems for bursary and project monitoring.

7.7 Conclusion

Over the past five years, the Fund has made significant contributions to bursaries, education, and security. Despite fiscal and operational challenges, it has reduced arrears and delivered impactful projects. The Fund remains committed to transparency, efficiency, and community development in the coming years.



Name: Johnson Njinju Maina

Fund Account Manager

8. Environmental and Sustainability Reporting

The main mandate of **Isiolo South Constituency NG-CDF** is to promote access to education through bursaries, improve learning facilities by enhancing school infrastructure and sanitation, and support community security through the construction of modern facilities such as the Garbatulla Police Station. In delivering these services, the Constituency recognizes that **sustainability** is the ability to maintain and continue offering such essential services to citizens over the long term. The Fund's strategy for sustainability is built on ensuring prudent financial management, investing in projects that provide lasting social impact, and incorporating environmental conservation measures into development programs. By aligning its operations with national priorities and global sustainability goals, Isiolo South aims to secure the well-being of its citizens today while safeguarding resources and opportunities for future generations.

8.1 Sustainability Strategy and Profile

To ensure the sustainability of **Isiolo South Constituency**, the committee funds the following key sectors with clear sustainable priorities:

a. Education and Training:

Isiolo South Constituency focuses on human capital development by supporting needy and bright students from each ward. This investment in education ensures that in years to come, beneficiaries at the secondary school level will transition into tertiary institutions, while those in tertiary institutions will transition into the job market as employees or employers, contributing positively to the constituency's economic growth. The strategy deliberately considers marginalized groups, including girls and persons living with disabilities.

b. Security Sector Support:

Security is a key pillar in the constituency's sustainability agenda. The construction of modern facilities, such as the Garbatulla Police Station, enhances the working environment for law enforcement and fosters collaboration between security agencies and the community. This

approach not only improves service delivery but also promotes long-term peace and crime reduction.

c. Climate Change Mitigation:

The Constituency acknowledges that its operations impact the environment. In line with Sustainable Development Goals, the Fund allocates part of its budget to climate change mitigation activities such as afforestation, reforestation, grassroots sensitization, and tree seedling production.

8.2 Environmental Performance

1. Tree Planting Initiatives:

NG-CDF supported students participate in tree planting at least once every academic year. These activities encourage environmental stewardship and contribute to reforestation efforts.

2. Youth and Community Sensitization on Drug Abuse:

Through the construction of police stations that double as outreach centers, the Fund supports sensitization programs highlighting the dangers of drug abuse, promoting healthier and more resilient communities.

3. Sponsorship of Sporting Activities:

The Fund sponsors sports tournaments that unite communities and provide platforms to spread environmental awareness messages, ensuring that conservation becomes a shared responsibility.

8.3 Employee Welfare

Isiolo South Constituency invests in the well-being of its employees by ensuring compliance with the Employment Act, the NG-CDF Act, and related regulations. Recruitment practices respect the one-third gender rule and encourage the inclusion of special groups. Employees benefit from:

- Equal opportunity and recognition through performance appraisals.
- Comprehensive health insurance coverage.

- Continuous capacity-building programs to enhance technical and cross-cutting competencies.
- A safe working environment in line with the Occupational Safety and Health Act, including facilities accessible to persons with disabilities and disaster preparedness measures such as fire extinguishers and escape routes.

8.4 Marketplace Practices

The Constituency upholds fair and ethical market practices. Procurement of goods and services is conducted through transparent and competitive bidding, with priority given to local suppliers to boost the constituency's economy. The Fund ensures:


- Responsible competition and zero tolerance for corruption.
- Fair contract management and timely settlement of payments.
- Sensitization forums for suppliers on procurement laws and ethics.
- Product stewardship that safeguards consumer rights and interests.

8.5 Community Engagement

Community involvement is central to the Fund's sustainability strategy. This is achieved through:

- **Public Participation:** The NG-CDFC deliberates on project proposals from all wards, ensuring alignment with constituency development plans and national priorities. Priority projects are then submitted to the NG-CDF Board.
- **Bursary Program:** Community leaders are engaged in identifying needy students to ensure bursaries reach the most deserving beneficiaries.
- **Public Awareness Campaigns:** Constituency-wide needs assessments, awareness forums, and community meetings are organized to strengthen transparency and accountability.
- **CSR and Local Support:** The Fund works with local contractors and suppliers, fostering community ownership of projects.

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



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

The Accounting Officer in charge of the NGCDF-ISIOLO SOUTH 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- ISIOLO SOUTH Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF ISIOLO SOUTH 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.

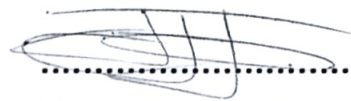
Approval of the financial statements

The NGCDF- ISIOLO SOUTH Constituency financial statements were approved and signed by the Accounting Officer on 22/8/ 2025.


.....

Name: Wako Abdi Wako

Chairman – NGCDF Committee


.....

Name: Johnson Njinju Maina

Fund Account Manager

REPUBLIC OF KENYA



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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

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

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

pages 1 to 68, which comprise the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Isiolo South Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33 and comply with the National Government Constituencies Development Fund Act, 2016, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Errors in Presentation and Inaccuracies in the Financial Statements

Review of the financial statements revealed the following unexplained anomalies:

- i. The statement of financial position reflects nil balance in respect of property, plant, and equipment. However, Note 23 to the financial statements and Annex I, Summary of Asset Register reflect property, plant and equipment of historical cost totalling Kshs.16,510,000.
- ii. The statement of cash flows reflects net cash flows from/(used in) operating activities. However, it is inconsistent with the corresponding Note 28 to the financial statements which discloses lease liabilities.
- iii. The statement of comparison of budget and actual amounts does not show the actual surplus for the year of Kshs.9,825,462. Similarly, Annex 2, PMC Bank Balances does not show the total balance of Kshs.2,862,528.
- iv. The statement of financial position and Note 19 to the financial statements reflect cash and cash equivalents of Kshs.9,825,462, which include bank balance of Kshs.6,962,394 for operations bank account. However, the supporting ledger reflects an amount of Kshs.5,316,755, resulting to unexplained variance of Kshs.1,645,639.
- v. The statement of financial position reflects opening balance of Kshs.71,511,425 while the audited financial statements for 2023-2024 reflects closing balance of Kshs.36,249,814, resulting to unexplained variance of Kshs.35,261,611.
- vi. Under the Key Constituency Information and Management, information on the NGCDF Isiolo South Constituency headquarters, contacts and bankers has not been indicated.

- vii. The Fund Accountant has not indicated the ICPAK membership number as required under the statement of financial performance, statement of financial position and, the statement of comparison of budget and actual amounts.

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

2. Cash and Cash Equivalents

The statement of financial position and Note 19 to the financial statements reflect cash and cash equivalents of Kshs.9,825,426. However, the bank reconciliation statements and certificates of bank balances were not provided for audit review. Further, included in the amount are Project Management Committee (PMC) account balances amounting to Kshs.2,862,528, which should have been disclosed as individual bank accounts with their corresponding cash book balances, certificate of bank balances and bank reconciliation statements, but were not.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.9,825,426 could not be confirmed

3. Unsupported Receivables from Non-Exchange Transactions

The statement of financial position and Note 21 to the financial statements reflect receivables from non-exchange transactions balance of Kshs.95,497,777 and opening balance of Kshs.30,630,530. However, the opening balance was not supported with schedules and ledgers.

In the circumstances, the accuracy, completeness and existence of receivables from non-exchange transactions balance of Kshs.95,497,777 could not be confirmed.

4. Undisclosed Tax Arrears

The statement of financial position and Note 26 to the financial statements reflect nil balance for trade and other payables. However, review of records and correspondences revealed that the NGCDF – Isiolo South Constituency had outstanding tax arrears amounting to Kshs.350,671, as indicated in the Kenya Revenue Authority (KRA) Enforcement Letter Ref. KRA/5/1002/26(12508) dated 17 June, 2025. The liability was not disclosed in the financial statements as required.

In the circumstances, the accuracy and completeness of the trade and other payables nil balance could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Isiolo South Constituency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final total revenues budget and actual amounts on comparable basis of Kshs.263,639,714 and Kshs.168,141,937 respectively, resulting in a shortfall of Kshs.95,497,777, or 36% of the approved budget. Similarly, the Fund spent Kshs.158,316,475 against the actual revenue of Kshs.168,141,937, resulting to an under absorption of Kshs.9,825,462, or 6% of the actual revenue.

The shortfall in receipts and the under absorption affected the planned activities and may have impacted negatively on service delivery to the public.

2. Late Transfers from the NG-CDF Board

The statement of financial performance and Note 6 to the financial statements reflect total transfers from the NG-CDF Board of Kshs.161,497,759. However, transfers totalling Kshs.95,497,777, or 22% of the total transfers, had not been received as at the closure of the financial year on 30 June, 2025.

The late disbursement of funds by the NG-CDF Board disrupted the execution of planned projects and activities, thereby negatively impacting service delivery to the residents of Isiolo South Constituency.

My opinion is not qualified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year's Audit Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the following matters remained unresolved.

1. Cash and Cash Equivalents
2. Unsupported Expenditure on Domestic Travel and Subsistence
3. Unsupported Expenditure on Office and General Supplies
4. Irregular Procurement of Uniforms
5. Irregular Procurement of Stationery

6. Irregular Expenditure on Emergency Fund
7. Doubtful Expenditure on the Development of Strategic Plan
8. Unsupported Expenditure on Transfers to Primary Schools and Secondary Schools
9. Unsupported Expenditure on Bursaries
10. Non-Disclosure of Institute of Certified Public Accountant of Kenya (ICPAK) Membership Number
11. Unsupported Project Management Committee (PMC) Bank Balances
12. Untagged Assets
13. Non-Compliance with NG-CDF Act, 2015 on Bursary Allocation
14. Non-Compliance with the Bursary Vetting Process Requirements
15. Doubtful Expenditure on Security
16. Irregular Encashment of Cheques
17. Unauthorized Reallocation of Funds
18. Transfer to Other Government Units
 - a. Proposed Renovation Works for two Dormitories at Kinna Secondary School
 - b. Proposed Fencing at Kinna Secondary School
 - c. Proposed Renovation of Classroom at Duse Primary School
 - d. Proposed Renovation of Four (4) Classrooms at Garba Tulla Boarding Primary School

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Other Government Units Actual Expenditures

The statement of financial performance and Note 13 to the financial statements reflect Kshs.55,662,280 in respect of other government units actual expenditures, which includes Kshs.37,483,164 in respect of secondary schools' actual expenditure and Kshs.18,179,117 in respect of primary schools' actual expenditure. However, review of the balances the following anomalies were noted;

1.1 Non-Delivery of Laboratory Equipment and Gas Installation

An amount of Kshs.7,500,000 was paid for the procurement and installation of laboratory equipment and gas system for three secondary schools at a cost of Kshs.2,500,000 each. Audit inspection conducted in July, 2025 revealed that Kinna Secondary School had not received the laboratory equipment and gas system installation despite full payment being made.

In the circumstances, the value for money on this expenditure amounting to Kshs.7,500,000 could not be confirmed.

1.2 Unexplained Overpayment on Contract Price

A local contractor was awarded a contract for the supply of laboratory equipment and installation of a gas system at Sericho Secondary School on 29 August, 2024 at a contract sum of Kshs.2,495,900. However, the contractor was paid Kshs.2,500,000 on 27 February, 2025, being Kshs.4,100 above the agreed contract amount. No justification or explanation was provided for overpayment. Further, review of the procurement process revealed that, the tender Opening and Evaluation Committees were not formally appointed by the Accounting Officer and the winning bidder did not submit a valid National Construction Authority (NCA) certificate or evidence of prior experience in similar works.

In the circumstances, the regularity and value for money of the expenditure of Kshs.2,500,000 could not be confirmed.

1.3 Renovation of Classrooms and Dormitories

A local contractor was awarded a contract for the renovation of four classrooms and two dormitories at Kinna Secondary School at a cost of Kshs.2,399,652 on 17 December, 2024. However, there was no evidence of tender opening and tender evaluation committees being appointed by the Accounting Officer. Further, the winning bidder did not provide proof of previous experience in similar works, which was a requirement set out in the bid.

In the circumstances, the regularity and value for money of the expenditure of Kshs.2,399,652 could not be confirmed.

1.4 Renovation of Classrooms at Rapsu Primary/JSS School

A local contractor was awarded a contract for the renovation of five classrooms at Rapsu Primary/JSS school at a cost of Kshs.2,199,992 on 13 December, 2024. However, the Tender Opening and Tender Evaluation Committees were not appointed by the Accounting Officer and the winning bidder did not provide proof of previous experience in similar works, which was a requirement set out in the bid.

In the circumstances, the regularity of the expenditure of Kshs.2,199,992 could not be confirmed.

2. Bursary Awards

The statement of financial performance and Note 14 to the financial statements reflect other grants and transfers balance of Kshs.79,166,539. Included in this balance are bursary awards to secondary schools and tertiary institutions totalling Kshs.58,540,699. However, review of the bursary awards revealed the following anomalies;

2.1 Irregular Constitution of the Bursary Sub-Committee

During the year under the review, there was no evidence to show that the constituted Sub-Committee included one of the two (2) co-opted members, who is an Education Officer or an officer seconded by the Ministry of Education. This is contrary to the Constituency Development Fund (CDF) Board Circular Ref. No. VOL1/111 dated 13 September, 2010 which requires the formation of a Sub-Committee of Constituency Development Fund to manage the bursary.

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

2.2 Non-Acknowledgment of Bursaries

During the year under review, Management disbursed a total of Kshs.58,540,699 in bursaries, comprising of Kshs.30,921,084 to secondary schools and Kshs.27,619,615 to tertiary institutions. However, review of the supporting records revealed that only Kshs.2,273,251, was acknowledged by the respective beneficiary institutions. The balance of Kshs.56,267,448 was not supported by acknowledgment receipts or

confirmations from the institutions, making it impossible to verify whether the Funds were received and applied for the intended purpose.

In the circumstances, the occurrence of bursary amounting Kshs.56,267,448 could not be confirmed.

3. Non-Preparation and Non-Submission of Quarterly Reports

During the year under review, the National Government Constituencies Development Fund (NGCDF) for Isiolo South Constituency did not prepare or submit the quarterly reports and financial statements This was contrary to Section 83(1)(3) of the Public Finance Management Act, 2012 that states that an Accounting Officer for a National Government entity shall prepare a report for each quarter of the financial year in respect of the entity and that not later than fifteen days after the end of each quarter, the Accounting Officer shall submit the quarterly report to the Cabinet Secretary responsible for the entity and The National Treasury.

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

4. Unsupported Expenditure - Fuel, Oils and Lubricants

The statement of financial performance and Note 12 to the financial statements reflect Kshs.7,351,700 in respect of use of goods and services, which includes Kshs.1,894,400 in respect of fuel, oil, and lubricants. Included in this balance is an expenditure amounting to Kshs.884,200, which was not supported with the motor vehicle work tickets, list of authorized government vehicles that consumed the fuel, oils, and lubricants, bulk fuel register for tracking fuel issuance and consumption, detailed fuel order forms and Electronic Tax Register (ETR) receipts.

In the circumstances, the regularity and validity of fuel, oil, and lubricants expenditure of Kshs.884,200 could not be confirmed.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is 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 ISSAIs requires 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

03 December, 2025

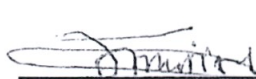
11. Statement of Financial Performance for the Year Ended 30th June 2025

	Note	Period ended june 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	161,497,759
Grants/donations from other entities	7	-
Revenue from exchange transactions		
Finance income	8	-
Miscellaneous income	9	-
Total revenue		161,497,759
Expenses		
Employee costs	10	3,576,373
Committee expenses	11	8,313,050
Use of Goods and Services	12	7,351,700
Other Government Units Actual expenditure	13	55,662,280
Other Grants and Transfers Actual expenditure	14	79,166,539
Depreciation and amortization expense	15	-
Digital Hubs Actual expenditure	16	5,099,343
Total expenses		159,169,285
Other gains/(losses)		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
Surplus/(Deficit) for the year		2,328,474


The Constituency financial statements were approved by the NGCDFC on 22/08/2025 and signed by:



Chairman NG-CDF Committee
Name: Wako Abdi Wako



National Sub-County Accountant
Name: Titus Nabea
ICPAK M/No:



Fund Account Manager
Name: Johnson Njinju Maina



(Paragraph 79 of IPSAS 33 allows for the election by an MDA to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position, and an opening statement of financial **position** at the time of adoption of the accrual basis of accounting. In preparing **this** financial reporting template, this election has been made; therefore, there are no comparatives in the first year of transition.)

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

	Not e	Period as at June 2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	19	9,825,462	71,511,425
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	95,497,777	30,630,530
Prepayments	22	-	-
Total Current Assets		105,323,239	102,141,955
Non-Current Assets			
Property, Plant and Equipment	23	-	-
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
Total Non- Current Assets		-	-
Total Assets (A)		105,323,239	102,141,955
Liabilities			
Current Liabilities			
Trade and Other Payables	26	-	-
Third-Party Deposits	27	-	-

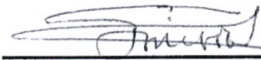
*National Government Constituencies Development Fund (NGCDF)
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Lease Liabilities	28	-	-
Gratuity provision	29	2,132,025	1,279,215
Total Current Liabilities		2,132,025	1,279,215
Non-Current Liabilities			
Lease Liabilities	28	-	-
Total Liabilities (B)		2,132,025	1,279,215
Net Assets (A-B)		103,191,214	100,862,740
Represented by:			
Accumulated Surplus		103,191,214	100,862,740

The Constituency financial statements set out on pages 1 to 4 approved by NG CDFC on 22/08/ 2025 and signed by:



Chairman NG-CDF Committee
Name: Wako Abdi Wako



National Sub-County Accountant
Name: Titus Nabea
ICPAK M/No:



Fund Account Manager
Name: Johnson Njinju Maina



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

Description	Accumulated surplus/Deficit	surplus/Deficit	Total
	Kshs	Kshs	Kshs
As at 30th June 2024 (cash basis)	36,249,214		36,249,214
Adjustments: (to recognize assets and liabilities)			-
Add Assets	65,892,741		65,892,741
Less Liabilities	1,279,215		1,279,215
As at July 1, 2024	100,862,740	-	100,862,740
			-
Surplus/(Deficit) For the Period	2,328,474		2,328,474
Revaluation Gain/Loss			-
As at 30th June (current year)	103,191,214		103,191,214

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.

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

	Notes	Period ended June 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		96,630,512
Grants/donations from other entities		-
Finance income		-
Miscellaneous income		-
Total Receipts		96,630,512
Payments		
Employee costs		2,723,563
Committee expenses		8,313,050
Use of Goods and Services		7,351,700
Other Government Units Certified Works		55,662,280
Other Grants and Transfers		79,166,539
Digital Hubs Expenses		5,099,343
Total Payments		158,316,475
Net Cash Flows from/ (used in) Operating Activities	28	(61,685,963)
Cash flows From Investing Activities		
Purchase of PPE		-
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
Net Cash Flows from Investing Activities		-
Cash Flows from Financing Activities		
Lease payment		-
Net Cash Flows from Financing Activities		-
Net changes in Cash & Cash Equivalent		(61,685,963)
Cash and cash equivalents at Period Start	17	71,511,425
Cash and cash equivalents at Period End	17	9,825,462

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

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>FY 2024-205</i>	Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding disbursements	<i>FY 2024-205</i>	<i>FY 2024-205</i>		
Revenue							
Transfers From the NGCDF Board	161,497,759	71,511,425	30,630,530	263,639,714	168,141,937	95,497,777	64%
Grants/donations from other entities	-	-	-	-	-	-	#DIV/0!
Finance income	-	-	-	-	-	-	#DIV/0!

National Government Constituencies Development Fund (NGCDF)
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Miscellaneous income	-	-	-	-	-	-	#DIV/0!
Totals	161,497,759	71,511,425	30,630,530	263,639,714	168,141,937	95,497,777	64%
Expenses							
Employee costs	5,446,396	-	-	5,446,396	2,723,563	2,722,833	50%
Committee expenses	4,750,000	4,391,836	-	9,141,836	8,313,050	828,786	91%
Use of Goods and Services	4,338,402	2,355,995	660,903	7,355,300	7,351,700	3,600	100%
Other Government Units Certified Works	57,564,081	41,704,567	10,900,000	110,168,648	55,662,280	54,506,368	51%
Other Grants and Transfers	83,398,983	23,059,027	13,969,627	120,427,637	79,166,539	41,261,098	66%
Digital Hubs Expenses	2,200,000	-	5,100,000	7,300,000	5,099,343	2,200,657	70%
Environment	3,799,897	-	-	3,799,897		3,799,897	0%
Funds Pending Approval**	-	-	-	-	-	-	#DIV/0!
Total Expenditure	161,497,759	71,511,425	30,630,530	263,639,714	158,316,475	105,323,239	60%
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.*

Explanatory Notes.

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

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	105,323,239
Less undisbursed funds receivable from the Board as at period 2024/2025	95,497,777
Cash and Cash Equivalents at the end of the 30 th June 2025	9,825,462


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 _____ 2025 and signed by:



Chairman NG-CDF Committee

Name: Wako Abdi Wako



National Sub-County Accountant

Name: Titus Nabea

ICPAK M/No:



Fund Account Manager

Name: Johnson Njinju Maina

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

Programme/Sub-Programme	Original Budget			Final Budget	Actual on comparable basis	Budget utilization difference
		Adjustments				
		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	5,446,396			5,446,396	2,723,563	2,722,833
1.2 Committee Allowances	1,850,000	2,360,786		4,210,786	4,205,600	5,186
1.3 Use Of Goods And Services	2,393,470	1,345,000		3,738,470	3,738,000	470
Sub-Total	9,689,866	3,705,786	-	13,395,652	10,667,163	2,728,489
2.0 Monitoring And Evaluation						
2.1 Capacity Building	500,000	323,600		823,600	769,000	54,600

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2.2 Committee Allowances	2,400,000	1,707,450		4,107,450	4,107,450	-
2.3 Use Of Goods And Services	1,944,933	1,010,995	660,903	3,616,831	2,844,700	772,131
Sub-Total	4,844,933	3,042,045	660,903	8,547,881	7,721,150	826,731
4.0 Emergency						
	8,499,879	400,000		8,899,879	8,840,100	59,779
Sub-Total	8,499,879	400,000	-	8,899,879	8,840,100	59,779
5.0 Bursary And Social Security						
5.1 Primary Schools				-		-
5.2 Secondary Schools	36,979,489	9,100,000		46,079,489	30,921,084	15,158,405
5.3 Tertiary Institutions	27,619,615	6,501,400	4,769,627	38,890,642	27,619,615	11,271,027
5.4 Special Needs				-		-
5.5 Education Support Programmes				-		-
5.6 Social Security			4,200,000	4,200,000		4,200,000
Sub-Total	64,599,104	15,601,400	8,969,627	89,170,131	58,540,699	30,629,432
7.0 Environment						
Gubatu Primary School	350,000			350,000		350,000

National Government Constituencies Development Fund (NGCDF)
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Biliqi Nur Secondary School	350,000			350,000		350,000
Kinna Secondary School	350,000			350,000		350,000
Sericho Secondary School	350,000			350,000		350,000
Kulamawe Secondary School	350,000			350,000		350,000
Algani Girls Secondary School	350,000			350,000		350,000
Gafarsa Secondary School	350,000			350,000		350,000
Garbatulla Girls High School	350,000			350,000		350,000
Kinna Secondary School	199,979			199,979		199,979
Sericho Secondary School	199,979			199,979		199,979
Biliqi Nur Secondary School	199,979			199,979		199,979
Rapsu Chief Office	199,979			199,979		199,979
Gafarsa Secondary School	199,979			199,979		199,979
Sub-Total	3,799,897	-	-	3,799,897	-	3,799,897
8.0 Primary Schools Projects						
Gubatu Primary School	5,100,000			5,100,000		5,100,000
Makarim Primary School	5,100,000			5,100,000		5,100,000

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Iresaboru Primary School	4,200,000			4,200,000		4,200,000
Malakamansa Primary School	1,600,000			1,600,000		1,600,000
Muchuro Primary School	2,400,000			2,400,000		2,400,000
Kombola Primary School	1,200,000			1,200,000		1,200,000
Dabasati Primary School	600,000			600,000		600,000
Omara Boarding Primary School	4,000,000			4,000,000		4,000,000
Matagari Primary School	4,100,000			4,100,000		4,100,000
Bahari Girls	4,700,000			4,700,000	-	4,700,000
Rapsu Primary School	2,000,000			2,000,000		2,000,000
Abagarse Primary School	3,800,000			3,800,000		3,800,000
Mogore Primary School	2,400,000			2,400,000		2,400,000
Gubatu Primary School	350,000			350,000		350,000
Abagarse Primary School	350,000			350,000		350,000
Qoticha Primary School	350,000			350,000		350,000
Iresaboru Primary School	350,000			350,000		350,000

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Malakamansa Primary School	350,000			350,000		350,000
Mogore Primary School	350,000			350,000		350,000
Muchuro Primary School	350,000			350,000		350,000
Kombola Primary School	350,000			350,000		350,000
Dabasati Primary School	350,000			350,000		350,000
Omara Boarding Primary School	350,000			350,000		350,000
Matagari Primary School	350,000			350,000		350,000
Biliqi Nur Primary School		848,250		848,250	835,720	12,530
Garbatulla Boarding Pry Schoo		638,250		638,250	530,000	108,250
Malkamansa Primary School		12,392		12,392		12,392
Yaqbarsadi Primary School		281,933		281,933	280,000	1,933
Malkamansa Primary School		3,800,000		3,800,000	3,770,150	29,850
Biliqi Nur Primary School Pmc		9,927		9,927		9,927
Malkadaka Primary School		802,660	1,100,000	1,902,660	1,898,014	4,647
Muchuro Pry Sch Isiolo South Ngcdf Pmc		238,250		238,250	235,000	3,250

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Duse Primary Sch Isiolo South Ngcdf-Pmc		88,250		88,250	-	88,250
Kulamawe Primary School		600,000		600,000	589,920	10,080
Nagaa Primary School		1,806,154		1,806,154	1,804,860	1,294
Gubatu Primary School		700,000		700,000	689,920	10,080
Sericho Primary School			1,000,000	1,000,000	999,524	476
Rapsu Primary School			3,200,000	3,200,000	3,188,000	12,000
Bahari Girls			2,000,000	2,000,000		2,000,000
Biliqi Nur Primary School Pmc		1,000,000		1,000,000	999,800	200
Biliqi Nur Primary School Pmc		600,000		600,000	590,495	9,505
Duse Primary Sch Isiolo South Ngcdf-Pmc		600,000		600,000	589,795	10,205
Kinna Primary School			600,000	600,000	588,000	12,000
Omara Boarding Primary School			600,000	600,000	589,920	10,080
Sub-Total	45,050,000	12,026,066	8,500,000	65,576,066	18,179,117	47,396,949
9.0 Secondary Schools Projects (List All The Projects)						
Algani Girls Secondary School	8,014,081	855,907		8,869,988	2,834,991	6,034,997

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Garbatulla Boys High School	900,000			900,000		900,000
Kinna Secondary School	3,600,000			3,600,000		3,600,000
Garba Tula High School				-		-
Kinna Secondary School			2,400,000	2,400,000		2,400,000
Kulamawe Sec School		6,100,000		6,100,000	6,100,000	-
Garbatulla Gils Day Sec Sch		6,105,613		6,105,613	6,099,404	6,209
Kinna Secondary School		5,702,357		5,702,357	5,696,030	6,327
Sericho Sec School		7,498,250		7,498,250	7,492,674	5,576
Biliquinur Secondary School		8,600,000		8,600,000	8,376,865	223,135
Garbatulla High School		900,000		900,000	883,200	16,800
Gafarsa Day Secondary School Pmc		16,374		16,374	-	16,374
Sericho Sec School		(6,100,000)		(6,100,000)	-	(6,100,000)
Sub-Total	12,514,081	29,678,501	2,400,000	44,592,582	37,483,164	7,109,418
10.0 Tertiary Institutions Projects (List All The Projects)						-
				-		-

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					-	-
Sub-Total	-	-	-	-	-	-
11.0 Security Projects					-	-
Barambate Chief's Office	3,000,000			3,000,000		3,000,000
Kinna Police Station	4,100,000		-	4,100,000		4,100,000
Kinna Police Station		900,000		900,000	896,750	3,250
Rapsu Chiefs Office		900,000		900,000	899,000	1,000
Garbatulla Police Station Ngcdf- Pmc		4,334,952		4,334,952	4,091,375	243,577
Boji Chief Office Isiolo South Ngcdf-Pmc		22,675		22,675	-	22,675
Sub-Total	7,100,000	6,157,627	-	13,257,627	5,887,125	7,370,502
12.0 Acquisition Of Assets						
12.1 Motor Vehicles (Including Motorbikes)			-	-		-
12.2 Purchase Of Furniture And Fitiings				-		-
12.2 Construction Of CDF Office				-		-
Sub-Total	-	-	-	-	-	-
13.0 Others						-

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Sericho Sub-County Education Directors Office	3,200,000			3,200,000		3,200,000
Garbatulla NG-CDF Office		900,000		900,000	900,000	-
Sericho Sub-County Education Directors Office			5,000,000	5,000,000	4,998,615	1,385
				-		
				-		
			-	-		-
Sub-Total	3,200,000	900,000	5,000,000	9,100,000	5,898,615	3,201,385
Ict Hub						-
Digital Hub At Isiolo South NG-CDF Compound	2,200,000			2,200,000		2,200,000
Digital Hub At Isiolo South NG-CDF Compound			5,100,000	5,100,000	5,099,343	657
Sub-Total	2,200,000	-	5,100,000	7,300,000	5,099,343	2,200,657
Funds Pending Approval**				-		-
Unapproved Projects			-	-		-
Aia	-			-		-
Sub-Total	-	-	-	-	-	-

National Government Constituencies Development Fund (NGCDF)
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Total	161,497,759	71,511,425	30,630,530	263,639,714	158,316,475	105,323,239
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(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 Isiolo south Constituency principal activity is Isiolo south.

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

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

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

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

3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>This IPSAS is not applicable in this constituency this financial year</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

	<i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>This IPSAS is applicable from 1st July 2025</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>This IPSAS is not applicable in this constituency this financial year</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</p>

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Isiolo Soth Constituency
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	<p>under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>This IPSAS is not applicable in this constituency this financial year</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>This IPSAS is not applicable in this constituency this financial year</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>This IPSAS is not applicable in this constituency this financial year</p>
IPSAS 50: Exploration For Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the & exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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

	<p>amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p>This IPSAS is not applicable in this constituency this financial year</p>
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iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the 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 all of the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Entity* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Entity* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any

accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 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. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

m) Foreign currency transactions

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

n) Related parties

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

o) Cash and Cash Equivalents

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

p) Comparative figures

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

q) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

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

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

6. Transfers from the NGCDF Board

Description	Period ended June 2025
NGCDFB Transfers (Allocation for the FY)	161,497,759
TOTAL	161,497,759

7. Transfers from domestic and foreign partners

Description	2024-2025
	Kshs
Grants	-
Total	-

8. Finance income

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

(Provide a brief explanation for this revenue)

9. Miscellaneous income

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

10. Employees cost

Description	<i>Period ended June 2025</i>
	Kshs
NG-CDFC Basic staff salaries	2,415,577
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	-
Gratuity to contractual employees	852,810
Employer Contributions Compulsory national social security schemes	250,260
Employer Contributions Compulsory Housing levy	53,076
Employer contributions to National Industrial Training Authority	4,650
Other Specify	-
Total	3,576,373

11. Committee Expenses

Description	<i>Period ended June 2025</i>
	Kshs
Sitting allowance	4,205,600
Other Committee expenses	4,107,450
Total	8,313,050

12. Use of Goods and services

Description	Period ended June 2025
	Kshs
Utilities, supplies and services	-
Communication, supplies and services	400,000
Domestic travel and subsistence	2,105,000
Printing, advertising and information supplies & services	-
Office Rent	-
Training expenses	-
Hospitality supplies and services	-
Insurance costs	-
Specialized materials and services	-
Office and general supplies and services	1,233,000
Fuel, oil & lubricants	1,894,400
Bank Charges	-
Routine maintenance – vehicles and other transport equipment	950,300
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	769,000
Total	7,351,700

13. Other Government Units Actual expenditure

Description	Period ended June 2025
	Kshs
Primary Schools Actual expenditure	18,179,117
Secondary Schools Actual Expenditure	37,483,164
Tertiary Institutions Actual Expenditure	-
Total	55,662,280

14. Other Grants and transfers Actual expenditure

Description	Period ended June 2025
	Kshs
Bursary – secondary schools	30,921,084
Bursary – tertiary institutions	27,619,615
Bursary – special schools	-
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual Expenditure	5,887,125
Climate change mitigation projects	-
Emergency projects Actual Expenditure	8,840,100
Roads projects	-
Others specify	5,898,615
Total	79,166,539

15. Depreciation and Amortization Expenses

Description	Period ended June 2025
	Kshs
Property Plant and Equipment	-
Intangible Assets	-
Total	-

16. Digital Hubs Expenses

Description	Period ended June 2025
	Kshs
Construction/ renovation/Actual Expenditure	5,099,343
Digital Hub utility costs Water, Electricity,	-
Maintenance of ICT equipment	-
Maintenance of building	-
Others (<i>specify</i>)	-
Total	5,099,343

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	-

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

18. Impairment Loss

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

(Provide brief explanation on assets 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>Name Of Bank, Account No. (Operations account)</i>	6,962,934	48,849,213.56
<i>Operations account pending closure (Indicate name & account no.)</i>	-	-
<i>Name of Bank, account No. (Deposit account)</i>	-	-
<i>Name of Bank, account No. (PMC's account)</i>	2,862,528	22,662,211.45
Total	9,825,462	71,511,425
Cash Balances		
Location 1	-	-

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Location 2	-	-
Other Locations (<i>Specify</i>)	-	-
Total	-	-
<i>[Provide Cash Count Certificates for Each]</i>		

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

20. Receivables from Exchange Transactions

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

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

i. Ageing Analysis for Receivables

Description	Period ended June 2025		Opening Statement	
	1 st July 2024		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)	-	%	-	%

21. Receivables from Non-Exchange Transactions

Description	<i>Period ended June 2025</i>	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Transfers from NGCDFB	95,497,777	30,630,530.00
Outstanding imprest	-	-
Total	95,497,777	30,630,530

22. Prepayments

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

23. Property, Plant and Equipment

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Dispo the y
Land	0		
Buildings and structures	5,000,000		
Transport equipment	10,000,000		
Office equipment, furniture and fittings	0		
ICT Equipment, Software and Other ICT Assets	1,500,000		
Other Machinery and Equipment	10,000		
Intangible assets	0		
Total	16,510,000		

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 1st July 2025. .

22 b) Property, Plant and Equipment at Cost

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

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

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

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

24. Intangible Assets

Description	<i>Period ended June 2025</i>	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Cost		
Opening balance at the beginning of the Period	-	-
Additions	-	-
Disposal	-	-
At end of the Period	-	-
Additions–internal development	-	-
Disposal	-	-
At end of the Period	-	-
Amortization and impairment		
At beginning of the Period	-	-
Amortization	-	-
At end of the Period	-	-
Impairment loss	-	-
At end of the Period	-	-
NBV	-	-

25. Right-of use assets

Description	<i>Buildings</i>	<i>Motor vehicles</i>	<i>Plant and equipment</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2024	-	-	-	-
Additions	-	-	-	-
As at 30 Sept/Dec/ March/June 2025	-	-	-	-
Accumulated Depreciation				
As at 1 July 2024	-	-	-	-
Charge for the year	-	-	-	-
As at 30 Sept/Dec/ March/June 2025	-	-	-	-
Carrying Amount				
As at 30 Sept/Dec/ March/June 2025	-	-	-	-

26. Trade and Other Payables

Description	<i>Insert Current FY</i>		<i>Opening Statement 1st July 2024</i>	
	Kshs		Kshs	
Trade payables			-	
Employee payables			-	
Other payables			-	
Total trade and other payables			-	
Aging analysis: (Trade and other payables)	Current FY	% of the Total	1st July	% of the Total

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Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

27. Third-Party deposits

	<i>Period ended June 2025</i>	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Retention as at start of the period (A)	-	-
Retention held during the period (B)	1,447,200	-
Retention paid during the period (C)	1,447,200	-
Closing Retention as at period xx, D= A+B-C	-	-

Retentions aging analysis.

	Insert Current FY	% of the total	Insert Comparative FY	% of the total
Less than 1 year	---	---	---	---
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	---	---	---	---

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

28. Lease Liabilities

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

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
		1st July 2024
	Kshs	Kshs
Gratuity at the beginning of the period (A)	1,279,215	1,279,215.00

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Gratuity held during the period (B)	852,810	-
Gratuity paid during the period (C)	-	-
Total Gratuity provision as at period xx D=(A+B-C)	2,132,025.00	1,279,215.00

30. Cash Generated from Operations

	<i>Period ended June 2025</i>	
	Kshs	
Surplus for the period before tax		2,328,474
Adjusted for:		
Depreciation		-
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		(64,867,247)
Changes in deferred income		-
Changes in Third party deposits		-
Changes in gratuity provision		852,810
Changes in payments received in advance		-
Net cash flow from operating activities		(61,685,963)

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

31. Financial Risk Management

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

i) Credit risk

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

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	95,497,777	95,497,777	-	-

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Bank balances	9,825,462	9,825,462	-	-
Total	105,323,239	105,323,239	-	-
As at 30 June 2024			-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	30,630,530	30,630,530	-	-
Bank balances	71,511,425	71,511,425	-	-
Total	102,141,955	102,141,955	-	-

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

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from the board. 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	---	---	---	---
Total	---	---	---	---
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.

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	10%	-	-
USD	10%	-	-
Previous FY		-	-
Euro	10%	-	-
USD	10%	-	-

a) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (Current FY: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (Current FY – 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 (Current FY)				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets	-	-	-	-
Investment Property	-	-	-	-

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

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

iv) Capital Risk Management

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

Description	FY 2024-2025	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Revaluation Reserve	103,191,214	100,862,740
Retained Earnings	2,328,474	-
Capital Reserve	-	-
Total Funds	---	100,862,740
Total Borrowings	-	-
Less: Cash and Bank Balances	9,825,462	71,511,425
Net Debt/(Excess Cash And Cash Equivalents)	---	---
Gearing	0%	0%

32. Related Party Disclosures

	FY 2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	8,313,050	---
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	161,497,759	---
Total	---	---

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

(Give details)

Contingent Liabilities

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

35. Capital Commitments

Capital Commitments	FY 2024- 2025	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Authorized for	-	-
Authorized and contracted for	-	-
Total	-	-

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

36. Events after the Reporting Period

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

37. Ultimate And Holding Entity

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

38. Currency

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

18. Annexes

Annex 1: Summary of Asset Register

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land				
Buildings and structures	5,000,000			5,000,000
Transport equipment	10,000,000			10,000,000
Office equipment, furniture, and fittings	10,000			10,000
ICT Equipment and Other ICT Assets	1,500,000			1,500,000
Other Machinery and Equipment				
Intangible assets				
Total	16,510,000			16,510,000

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

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

			2024-2025 FY	2023-2024 FY
Biliqi Nur Pry Sch Isiolo South Ngcdf-Pmc	Consolidated	10111203000291	12,530	848,250
Garbatulla Boarding Pry Sch Ng-Cdf Pmc	Consolidated	10,111,203,000,283	108,250	638,250
Yaq Barsadhi Pry Sch Pmc	Consolidated	10,111,203,000,290	1,933	281,933
Muchuro Pry Sch Isiolo South Ngcdf Pmc	Consolidated	10,111,203,000,292	3,250	238,250
Duse Primary Sch Isiolo South Ngcdf-Pmc	Consolidated	10,111,203,000,285	88,250	88,250
Malkamansa Primary School Pmc	Consolidated	10,111,301,000,445	12,392	12,392
Biliqi Nur Primary School Pmc	Equity	A0410285494148	9,927	9,927
Nagaa Primary School	Consolidated	10,111,301,000,222	1,294	1,806,154
Biliqi Nur Primary School Pmc	Equity	A0410285494148	200	1,000,000
Biliqi Nur Primary School Pmc	Equity	A0410285494241	9,505	600,000
Duse Primary Sch Isiolo South Ngcdf-Pmc	Equity	A0410285484899	125	600,000
Sericho Sec Sch Isiolo South Ng-Cdf Pmc	Consolidated	10,111,203,000,299	5,576	4,998,250

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Algani Girls Secondary Schl Pmc	Consolidated	10,111,301,000,436	20,916	855,907
Garbatulla Girls Day Sec Sch Ngcdf Pmc	Consolidated	10,111,203,000,210	6,209	5,613
Kinna Secondary School Pmc A/C	Consolidated	10,111,203,000,306	6,327	3,202,357
Garbatulla Police Station Ngcdf- Pmc	Consolidated	10,111,203,000,229	243,577	4,334,952
Kulamawe Secondary School	Consolidated	10,111,203,000,304		600,000
Garbatulla High Sch NG-CDF Gabbions	Consolidated	10,111,203,000,311	16,800	
Malkadaka Primary School	Consolidated	10,111,301,000,240	4,647	
Malkamansa Pry School	Equity	A0410286169705	29,850	
Rapsu Primary School	Equity	A0410285493832	12,000	
Sericho Primary School	Equity	A0410285490906	476	
Bahari Girls	Consolidated	10,111,203,000,307	2,000,000	
Gafarsa Day Secondary School Pmc	Consolidated	10,111,301,000,424	16,392	
Biliqi Nur Mixed Day Sec Sch	Consolidated	10,111,203,000,305	223,135	
Boji Chief Office Isiolo South Ngcdf- Pmc	Consolidated	10,111,203,000,288	22,675	
Kinna Police Station Pmc	Consolidated	10,111,203,000,303	3,250	
Rapsu Chief	Consolidated	10,111,203,000,314	1,000	

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ICT Centre Garbatulla - PMC	Consolidated	10,111,203,000,312	657	
Sericho Sub-County Education Office PMC	Consolidated	10,111,301,000,723	1,385	
Gubatu Primary School	Equity Bank	,0410285489053	700,000	
Malkadaka Primary School	Consolidated Bank	10,111,301,000,240	602,660	
Omara Boarding	Equity Bank	,0410285492252	600,000	
Kinna Primary School	Equity Bank	,0410285489387	600,000	

Annex 3: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Cash and Cash Equivalents: Kshs.36,249,214 could not be confirmed due to unaccounted stale cheques worth Kshs.1,969,960.	The management has contacted the FAM who operated during the period for a follow up on resolving the issue	Not Resolved	31/12/2025
2	Unsupported Expenditure on Domestic Travel and Subsistence totaling Kshs.546,000. No evidence of purpose	The management has contacted the FAM who operated during the period for a follow	Not Resolved	31/12/2025

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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)
	or documentation provided.	up on resolving the issue		
3	Unsupported Expenditure on Office and General Supplies – Kshs.695,675 undocumented.	The management has contacted the FAM who operated during the period for a follow up on resolving the issue	Not Resolved	31/12/2025
4	Irregular Procurement of Uniforms – Kshs.250,000 spent without requisitions, delivery records, or procurement process evidence.	The management has contacted the FAM who operated during the period for a follow up on resolving the issue	Not Resolved	31/12/2025
5	Irregular Procurement of Stationery – Kshs.668,000 undocumented, no	The management has contacted the FAM who operated during	Not Resolved	31/12/2025

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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)
	procurement records or delivery proof.	the period for a follow up on resolving the issue		
6	Irregular Expenditure on Emergency Fund – Kshs.12,800,000 untraceable to actual projects; total water distribution cost Kshs.17,674,670.	The management has contacted the FAM who operated during the period for a follow up on resolving the issue	Not Resolved	31/12/2025
7	Doubtful Expenditure on Strategic Plan – Kshs.2,000,000 paid, but no strategic plan produced or procurement process followed.	The management has contacted the FAM who operated during the period for a follow up on resolving the issue	Not Resolved	31/12/2025
8	Unsupported Transfers to Schools –	The management has contacted the FAM	Not Resolved	31/12/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	Kshs.45,905,368 lacked payment vouchers and project files.	who operated during the period for a follow up on resolving the issue		
9	Unsupported Expenditure on Bursaries – Kshs.55,608,838 out of Kshs.73,009,338 lacked supporting documentation.	The management has contacted the FAM who operated during the period for a follow up on resolving the issue	Not Resolved	31/12/2025


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Name: Johnson Njinju Maina
Fund Account Manager.