

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



<b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 21 APR 2026	DAY: TUESDAY
TABLED BY:	HON. SILYANUS OSORO, MP (MAJORITY PARTY WHIP)
CLERK-AT THE-TABLE:	MZOPA MWALE

REPORT

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OF

THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND – MVITA  
CONSITUENCY

FOR THE YEAR ENDED  
30 JUNE, 2025



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

MVITA CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> JUNE 2025

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Transitional IPSAS Financial Statements under the International Public Sector Accounting Standards (IPSAS)

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

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## 1. Acronyms and Definition of Key Terms

### A. Acronyms

AIE	Authority to Incur Expenditure
AC	Audit Committee
DCC	Deputy County Commissioner
IPSAS	International Public Sector Accounting Standards.
FAM	Fund Account Manager
NG-CDFB	National Government Constituencies Development Fund Board
NG-CDF	National Government Constituencies Development Fund
NG-CDFC	National Government Constituency Development Fund Committee
NSCA	National Sub-County Accountant
PFM	Public Finance Management
PMCs	Project Management Committees
PWD	Persons with Disability
FY	Financial Year
JSS	Junior Secondary School
MVTC	Mvita Constituency
PLWD	People Living with Disabilities
DFAC	Decentralized Funds Accounts Committee

### B. Definition of Key Terms

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

**Comparative Year-** Means the prior period.

## 2. Key Constituency Information and Management

### (a) Background information

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

### **Mandate**

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

- a) Recognize the constituency as a platform for the identification, performance, and implementation of national government functions.
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6 (3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination, and protection of the marginalized pursuant to Article 10(2)(b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10(2)(d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21(2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to exercise oversight over the performance of exclusive national government functions at the constituency level as provided for under Article 95 of the Constitution;
- h) Authorize withdrawal of money from the Consolidated Fund as provided under Article 206(2)(c) of the Constitution;

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

#### **Vision**

Equitable Socio-economic development countrywide.

#### **Mission**

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

#### **Core Values**

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

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**Functions of NG-CDF Committee**

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

**(b) Key Management**

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

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

**Fiduciary Management**

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

No	Designation	Name
1.	AIE holder	Fatma M Abubakar
2.	National Sub-County Accountant	CPA Julius Muchohi
3.	Chairman NGCDFC	Ali Bafundi
4.	Secretary NG CDFC	Serah Makau

**(c) Fiduciary Oversight Arrangements**

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

PO. Box 43258-80100  
NG-CDF Office Adjacent to Ronald Ngala Comprehensive School,  
Ronald Ngala- Road  
Mombasa- KENYA.

**(e) NGCDF Mvita Constituency Contacts**

P.O. Box 43258-80100  
Telephone: (254) 0722305811  
E-mail: [cdfmvita@ngcdf.go.ke](mailto:cdfmvita@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(f) NGCDF Mvita Constituency Bankers**

1. Equity Bank Kenya Limited (Operations Bank Account)  
Account Number: 0460297599144  
P.O. Box 90016-80100 Digo Road Branch  
Mombasa- Kenya
2. Equity Bank Kenya Limited (Deposit Bank Account)  
Account Number: 0460285496100  
P.O. Box 43258-80100  
Digo Road Branch  
Mombasa- Kenya
3. Equity Bank Kenya Limited (PMC Bank Accounts)  
Account Number: Various (Annex 2)  
Digo Road Branch  
P.O. Box 90016-80100  
Mombasa- Kenya
4. Premier Bank (PMC Bank Accounts)  
Account Number: Various (Annex 2)  
Digo Branch  
P.O. Box 80859-80100  
Mombasa- Kenya
5. National Bank  
Account Number Various (Annex 2)  
Tum Branch  
P.O. Box P.O. Box 90420-80100  
Mombasa- Kenya

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6. Family Bank  
Account Number: Various (Annex 2)  
Digo Road Branch  
P.O. Box 82515-80100  
Mombasa- Kenya






**(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. NG- CDF Committee

	Name	Details
1	<p>ALI BAFUNDI</p> 	<p><u>Male Youth Representative</u></p> <p>Date of Birth: 28/2/1973 Highest Academic Qualification: KCSE Position: NG- CDFC Chairman</p>
2	<p>SERAH MAKAU</p> 	<p><u>Female Adult Representative</u></p> <p>Date of Birth: 24/04/1975 Highest Academic Qualification: Diploma Position: NG- CDFC Secretary</p>
3	<p>RAWEH SHAMSAN</p> 	<p><u>Male Adult Representative</u></p> <p>Date of Birth: 21/7/1985 Academic Qualification: master's Degree Position: NG- CDFC Member</p>
4	<p>ANNE NYAMBURA</p> 	<p><u>Co-Opted Member</u></p> <p>Date of Birth: 29/4/1974 Highest Academic Qualification: KCSE Position: NG- CDFC Member</p>
5	<p>RUTH AKINYI</p> 	<p><u>PWDs Representative</u></p> <p>Date of Birth: 1/04/1976 Highest Academic Qualification: KCSE Position: NG- CDFC Member</p>
6	<p>KHADIJA KASSIM</p>	<p><u>Female Adult Representative</u></p>

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		<p>Date of Birth: 23/06/1974 Highest Academic Qualification: Diploma Volunteer Position: NG- CDFC Member</p>
	 <p>FATMA ABUBAKAR MOHAMED</p>	<p><u>Fund Account Manager</u> Date of Birth: 31/03/1980 Highest Academic Qualification: Degree Position: Ex-Oficio Member</p>

**OUTGOING NG-CDF COMMITTEE**

	NAME	DETAILS	PERIOD SERVED
1	HASSAN HIRSI	Male Youth Representative	2 Years
2	CYNTHIA MORAA	Female Youth Representative	Didn't serve
3	RUTH AKINYI	Female PWDs Representative	2 and 1/2 Years
4	SERAH MAKAU	Female Adult Representative	2 and 1/2 Years
5	RAWEH SHAMSAN	Male Adult Representative	2 and 1/2 Years
6	KHADIJA KASSIM	Female Adult Representative	2 and 1/2 Years
7	ALI BAFUNDI	Male Adult Representative	2 and 1/2 Years
8	ANNE NYAMBURA	Co - Opted Member	2 and 1/2 Years

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

ALI Bafundi



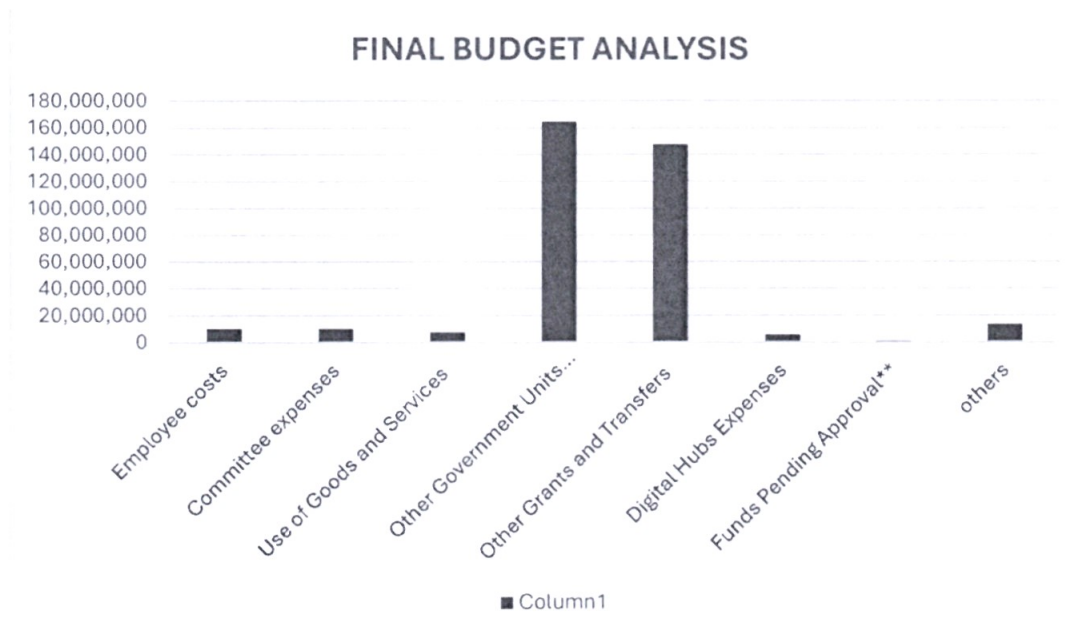
I am pleased to present, on behalf of the Mvita Constituency NG-CDF, the financial statements and reports for the period ending June 30, 2025. This report outlines the revenue and expenditure for the recently concluded financial period.

**Mvita Constituency** is one of the six constituencies in **Mombasa County**. It is a predominantly urban constituency located at the heart of Mombasa Island, playing a central role in the region's economic, cultural, and administrative activities. The constituency comprises **five wards**, namely: **Majengo, Tudor, Old Town, Shimanzi/Ganjoni, and Tononoka**.

In the financial year 2024/2025, NG-CDF Mvita Constituency was allocated Kshs. 179,441,954.47. However, a total of **Kshs 156,000, 000** was available for spending during the financial year. The allocation comprised an opening balance of **Kshs. 150,860,091** and **Kshs 23,441,954** still owed from the Board, and the allocation for the period.

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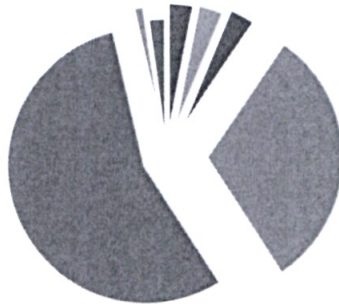
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**SUMMARY BUDGET FOR APPROPRIATION STATEMENT 2024/2025**

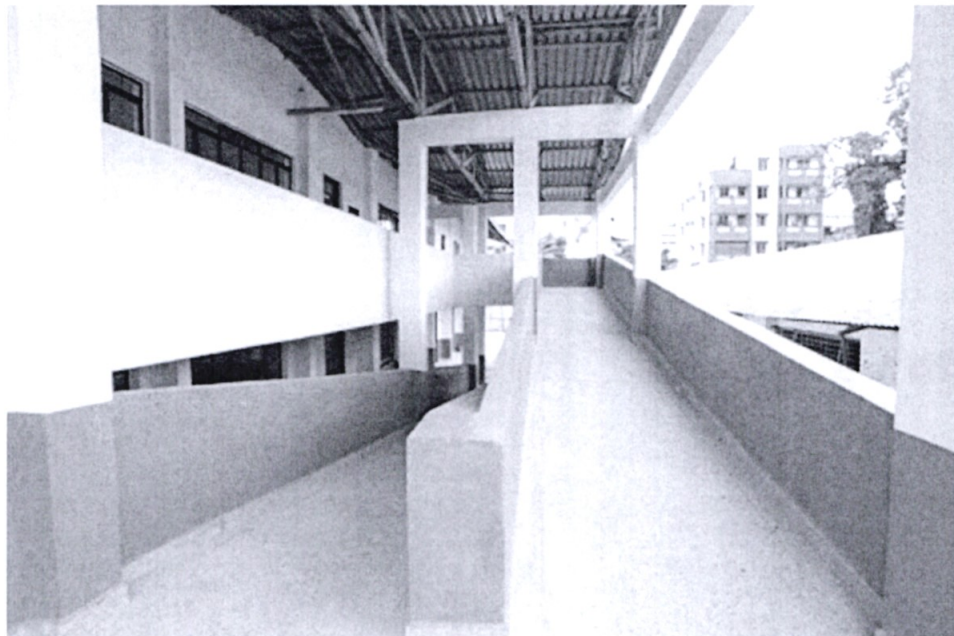
Total actual expenditure for the period was Kshs **198,390,437** translating to 40% of the final allocation. The unutilized funds of **Kshs. 162,127,225** include a PMC balance of **Kshs 89,698,545.08** the slow utilization of the PMC funds resulted from delayed funding and the sluggishness in meeting some approval conditions by the PMC members. All the projects proposed by the committee for funding and implementation have been approved and funded by the NGCDF Board.

### ACTUAL EXPENDITURE ANALYSIS



- Employee costs
- Use of Goods and Services
- Other Grants and Transfers
- Funds Pending Approval\*\*
- Committee expenses
- Other Government Units Certified Works
- Digital Hubs Expenses
- others

### SPARKI PRIMARY SCHOOL







#### **ACTUAL UTILIZATION SUMMARY FOR 2024/2025**

Section 81 of the Public Finance Management Act, 2012 requires National Government entities to prepare annual reports and financial statements at the end of each financial year. Further, section 81(3) mandates the entities to prepare the annual reports in formats prescribed by the Public Sector Accounting Standards (PSAS) Board, further section 39(4) of the NG- CDF Act 2015 as amended in 2023 mandates the NG- CDF Board to submit separate financial statements for the secretariat and constituencies to the Auditor General. The constituency is in compliance with the above legal requirements.

Further, the National Treasury vide Press statement released on 3<sup>rd</sup> October, 2024 announced migration from cash-based reporting. The effective date for the accrual basis was set for 1<sup>st</sup> July, 2024, with the first accrual-based financial statement expected for the financial year ending 30<sup>th</sup> June, 2025. This financial statement is a transition from cash-based to accrual based financial reporting.

## **CHALLENGES AND EMERGING ISSUES FACING THE CONSTITUENCY**

Mvita Constituency suffers from pre-independence challenges of:

**1. High Demand for Bursaries and Education Support**

Mvita has a large student population, and while the NG-CDF has consistently supported education through bursaries and infrastructure, the demand continues to exceed the available resources, especially for tertiary-level students.

**2. Limited Land for Public Development**

Being an urban constituency with densely populated neighborhoods, availability of public land for new projects such as schools, health facilities, or recreation centers is limited.

As a result, the Mvita Constituency NG-CDF has remained committed to addressing these challenges by prioritizing education through consistent bursary support to thousands of students across all levels, despite the ever-growing demand. The fund has also successfully implemented key infrastructure projects in existing public schools, navigating the constraint of limited land within the urban setup. In efforts to enhance security, several police post and chief's offices have been constructed, especially in densely populated areas and former insecurity hot spots, thereby strengthening community safety and response.

## **EMERGING ISSUES**

- I. Rising bursary demand stretches NG-CDF resources
- II. Urban congestion limits expansion of public services
- III. Youth unemployment triggers dependency, frustration, and social unrest
- IV. Mental health and drug abuse affects youth development and school performance
- V. Digital exclusion
- VI. late disbursbursement of funds

Despite a few challenges here and there, NGCDF continues to be one of the most preferred devolved funds at the grassroots by the society due to its broadened and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were living in despair and ravaging poverty.

## **Actions Being Taken by the Constituency**

To address the challenges and emerging issues, Mvita NGCDFC has undertaken the following measures:

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- I. Education Support Prioritization – Continues to channel the largest share of funds to bursaries and school improvement projects.
- II. Infrastructure Optimization – Upgrading and expanding facilities within existing public school compounds.
- III. Security Enhancement – Building police posts and administrative offices to improve law enforcement presence in high-risk areas.
- IV. Youth Empowerment – Partnering with vocational training institutions to provide skills training.
- V. Digital Access Initiatives – Exploring partnerships to improve access to internet-enabled devices and connectivity for students.
- VI. Funding Advocacy – Engaging relevant agencies to address delays in NG-CDF disbursements and secure supplementary funding.



.....  
Name: ALI BAFUNDI  
Chairman NGCDF Committee

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

### Introduction

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

NG-CDF Mvita Constituency Vision Statement, "Equitable socio-economic development constituency wide".

NG-CDF Mvita Constituency Mission Statement, "To provide leadership for effective and efficient management of the allocated funds and Implementation of approved development projects and initiatives in Mvita Constituency"

NG-CDF Mvita Constituency Core Values:

- 1) Integrity
- 2) Transparency
- 3) Accountability
- 4) Professionalism
- 5) Teamwork
- 6) Commitment to Inclusion and Diversity

The key development objectives of the NGCDF Mvita Constituency 2023-2027 plan are to:  
The following are the strategic goals that will provide the strategic direction for the 2023-2027 MVT Strategic Plan:

1. **Improved learning conditions** in primary and secondary schools, fostering better academic performance through enhanced facilities and a supportive educational environment.
2. **Lowered school and college dropout rates**, thanks to sustained financial assistance that enables learners to continue their education without interruption.
3. **Boosted security operations** by providing law enforcement with modern infrastructure and essential resources to uphold peace, prevent crime, and enforce the rule of law.
4. **Advanced environmental cleanliness and conservation efforts**, focusing on biodiversity protection and climate resilience to reduce the impact of environmental hazards.
5. **Engaged and empowered the youth**, offering platforms for skill development and talent nurturing, which have enabled them to actively participate in the constituency's social and economic growth.

To ensure the effective implementation and application of the development objectives across various sectors, each goal was defined to be Specific, Measurable, Achievable, Realistic, and Time-bound (SMART) and translated into clear development outcomes. We also established key indicators to monitor progress and evaluate performance. Below, we outline the progress made in reaching these objectives:

**Progress on the attainment of Strategic development objectives**

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

Sector	Objective	Outcome	Indicator	Performance
Education	<ul style="list-style-type: none"> <li>○ Improved school environment</li> <li>○ Improve academic performance in national examination</li> <li>○ Accessibility to school fees for bright and needy students</li> <li>○ 100% transition to secondary and tertiary institutions</li> </ul>	<ul style="list-style-type: none"> <li>○ Increased enrolment in primary schools</li> <li>○ improved transition to secondary schools and tertiary institutions</li> <li>○ Improved bursary award and allocations</li> <li>○ Reward good performance</li> </ul>	<ul style="list-style-type: none"> <li>○ Performance improved</li> <li>○ Bursary/scholarships in Secondary schools, colleges, universities, technical and vocational institutions, and special needs</li> <li>○ Increased Primary Schools, JSS and Senior Schools development infrastructure</li> <li>○ Improved intake in university level</li> </ul>	<ul style="list-style-type: none"> <li>○ Improving health and hygiene by renovation of toilets</li> <li>○ Bursary beneficiaries at all levels were as per SP annual projections</li> <li>○ Completed stalled laboratories to enable learners inculcate the practical experience in learning</li> </ul>
Security	<ul style="list-style-type: none"> <li>○ Equipped security agents with appropriate security</li> </ul>	<ul style="list-style-type: none"> <li>○ Heightened security within the constituency that</li> </ul>	<ul style="list-style-type: none"> <li>○ Construction of one police station and furnished</li> </ul>	<ul style="list-style-type: none"> <li>○ Enhanced security by constructing Modern police station as</li> </ul>

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	infrastructure and resources for preservation of peace, prevention and detection of crime, and maintenance of law and order	guarantees safe working environment and peaceful co-existence of communities and improved service delivery to the citizens	o chiefs office to be constructed	gazetted by the Government and reinforcing them with better facilities for better service delivery.
Climate Change Mitigation Activities	Enhance clean environment, conservation, Preservation and protection of biodiversity to mitigate impacts of climate change and emergency/disasters	Restoration of tree nurseries and forest  Tree growing and nurturing  Restoration from degradation and pollution	Number of tree seedlings planted, gabions constructed, water harvesting facilities initiated and pit-latrines constructed	Climate Change Mitigation activities were tree planting in line with the changes in the Act and the President initiative of planting 15 Billion tree seedlings by 2032. The committee through various PMCs will plant at least 2,000 seedlings in the financial year.
Emergency	To cater for unforeseen Occurrence in the constituency and their mitigating actions	Facilitate reduction of risks in learning institutions by making funds available to counter any emergency occurrence	Putting up emergency fund at all times and having quick response mechanism for countering any unexpected eventuality.	Working with other units and departments dealing with emergency response in the constituency to ensure quick identification and response.
Others (NG-CDF Office)	Enhancing healthy and conducive working environment	Capacity building, Equipping and having an enabling working environment	Renovating the Office, keeping a clean and sanitized environment and purchasing of working equipment	o Improved the working environment by putting up the cabro and planting trees

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		for staff and Committee.		<ul style="list-style-type: none"><li>○ Water harvesting and gardening the compound</li><li>○ Recruitment of competent staff in all key offices</li></ul>
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## 8. Governance Statement

### Appointment and removal of Constituency Committee members:

The Current NG- CDF Mvita Constituency Committee was appointed vide The Kenya Gazette Notice No. 6462, Vol. CXXVII—No. 254 NAIROBI, 29<sup>th</sup> November, 2022. However, the effective date of appointment is 29<sup>th</sup> November, 2022 for a period of 2 years.

The Constituencies Development Fund (CDF) Act, 2015 is the law that governs the formation, composition, and functions of the National Government Constituencies Development Fund Committee (NG-CDFC). Key provisions include:

### Purpose & Structure

- i. Ensures equitable distribution of development funds to constituencies.
- ii. Establishes a Constituency Committee to identify, rank, and implement local development projects.
- iii. Membership includes representatives from key demographics (male/female adults, youth, PWDs) and a National Government representative.

### Functions of the Committee

- i. Identify and prioritize projects for funding.
- ii. Consult relevant government departments to ensure accurate project costing.
- iii. Approve and oversee project implementation.
- iv. Maintain transparency and accountability in fund usage.
- v. Tenure & Membership
- vi. Members typically serve a fixed term (commonly 2 years), renewable upon review.
- vii. Membership can be terminated for misconduct, non-performance, or expiry of the contract.

### Meeting Governance

- i. The Committee must hold at least 24 meetings per financial year to ensure adequate planning, monitoring, and evaluation of projects.
- ii. Attendance is recorded, and allowances are payable per meeting attended.

NAME OF ATTENDANCE	DESI GNA TION	2/6 /20 24	2/7 /20 24	27/ 9/2 024	4/1 1/2 024	19/ 11/ 24	2 8/ 1	5/1 2/2 024	3/1 /20 25	3- Fe b- 25	8/4 /20 25	2/5 /20 25	23/ 5/2 025	30/ 5/2 025	25/ 06/ 25
ABDULHAKIM ALI	FAM	√	√	√	x	x	x	x	x	x	x	x	x	x	x
FATMA ABUBAKAR	FAM	x	x	√	√	√	√	√	√	√	√	√	√	√	√

**National Government Constituencies Development Fund (NGCDF)**  
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ALI BAFUNDI	CHAIRMAN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SERAH MAINGI	SECRETARY	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RAWEH SHAMSA N	MEMBER	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
KHADIJA KASSIM	MEMBER	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HASSAN HIRSI	MEMBER	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ANN NYAMBU RA	MEMBER	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RUTH AKINYI	MEMBER	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RONALD MWIWA WI	DCC	✓	✓	✓	✓	✓	✓	x	x	x	x	x	x	x	x	x
AHMED MAHMO UD	DCC	x	x	x	x	x	x	x	✓	✓	✓	✓	✓	✓	x	✓
RASHID KWANYA	DCC	x	x	x	x	x	x	x	x	x	x	x	x	x	✓	✓

Regulation 5(2) creates a vacancy in the Office of Constituencies Committees, in the manner provided. Section 48(8) of the Act is succinct on the expiry of the term of the Committee. Further, Section 43(3) of the NG-CDF Act, 2015 as amended in 2023, the seven persons referred to in Sub-section (2) (b), (c), (d), (e), (f) and (g) shall be selected in the manner prescribed in the Regulations. Regulation 5 and 6 of the NG- CDF Act, 2025 as amended in 2023, provide for the eligibility criteria and procedures for nomination.

Section 43 (13) (a), (b), (c), (d), (e), (f) and (g) provides the manner in which a member of the Constituency Committee may be removed from office, Section 44 of the Act elaborates the manner a Constituency Committee shall be dissolved, Regulation 10 lists the procedure for removal of a Constituency Committee Member and Regulation 5 (2) describes circumstance in which a vacancy may occur in the constituency committee.

### **Convening of Constituency Meetings**

Section 43 (6) state that, “The first meeting of the Constituency Committee shall be convened within one hundred and twenty days of the commencement of a new term of Parliament or the date of the holding of a by-election, by the national government official at the constituency or in his or her absence, by an officer of the Board seconded to the constituency.”

After appointment of members of the NG- CDF Committee through publication in the Kenya Gazette, and within 120 days of the commencement of the thirteenth parliament, the Deputy County Commissioner (or in his/her absence) the Fund Account Manager shall convene the first meeting of the NG- CDF Committee, during which the members will elect the Chairperson and the Secretary. The Officer of the Board will then submit to the Board the names of the elected Chairperson and Secretary, attaching a certified copy of form four certificate and the academic certificates for the highest level of education attained and the minutes of the NG- CDF Committee that approved the appointment. As the management of NG- CDF Mvita Constituency we complied with the Act and its regulations.

### **Tenure of the Constituency Committee**

As per the provision of Section 43 (8) and (9) of the NG- CDF Act, the tenure of the members of NG- CDF Committee shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act and regulations, while the Fund Account Manager remain the custodian of all the records and equipment of the constituency. As per Regulation 24 of the Act, once the new committee members have been appointed, the Fund Account Manager in liaison with the Deputy County Commissioner, shall facilitate smooth handover between the outgoing and the newly gazetted NG- CDF Committee members. To facilitate this, the Fund Account Manager prepares a comprehensive handover report on behalf of the outgoing committee.

### **Functions and Operations of the Constituency Committee**

Regulation 11 of NG- CDF Act outlines the functions of the Constituency Committee. Implementation of projects through the Projects Management Committees at the community level is one of the mandates. In addition, effective and efficient project management is cardinal

achievement of the Fund's objective of poverty reduction while ensuring equitable development across the Constituency. In order to achieve this objective, the Fund Account Manager through the Board, continuously trains the NG- CDF Committee, the staff and the technical officers from relevant government departments on various projects management, pertinent issues to enable them facilitate Project management Committees. Regulation 11 (1) (a) is the function of the Constituency Committee to build capacity of the Project Management Committees and sensitize the community on the operations of the Fund.

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

#### **Management of Transition and Handing over**

Pursuant to Section 43 (8) and (9) of the NG- CDF Act 2025 as amended in 2023, the tenure of the members of NG-CDFCs shall expire upon the appointment of a new Constituency Committee in the manner provided in the Act and Regulations, while the Officer of the Board shall remain the custodian of all the records and equipment of the Constituency. Therefore, the officer of the Board shall play an important role of ensuring the assets of the constituency are protected and preserved, and ensure smooth transition between the committees.

Upon appointment of the new committee, the officer of the Board in liaison with the Deputy County Commissioner, shall facilitate smooth handover between the outgoing and the newly gazetted NG-CDF members. To facilitate this, the Officers of the Board are required to prepare a comprehensive handover report on behalf of the outgoing committee. The handover report must be signed by the Chairpersons (or a member acting in such capacity), secretary (or a member acting in such capacity) and witnessed by the Officer of the Board.

## 7. Management Discussion and Analysis

### Establishment and Management of the Fund

Section 4 of the Act state that: There is established a fund to be known as the National Government Constituencies Development Fund which shall—(a) Be a National Government Fund consisting of monies of an amount of not less than 2.5% (two and half per centum) of all the national government's share of revenue as divided by the annual Division of Revenue Act enacted pursuant to Article 218 of the Constitution;

The Fund Account Manager shall hold the authority to incur expenditure of the funds at the constituency account. Further, projects under this Act shall only be in respect of works and services falling within the exclusive functions of the national government as provided in the Constitution. However, the administration of the fund is done through the Constituency Committee.

NG- CDF Mvita Constituency, pursuant to Section 34 of the NGCDF Act 2015 as amended in 2023, was allocated Kshs. 781,228,458 between FY 2020/2021 and 2024/2025:

FINANCIAL YEAR	ALLOCATION (KSHS)
2020/2021	137,088,879
2021/2022	137,088,879
2022/2023	145,087,603
2023/2024	182,521,143
2024/2025	179,441,954

Sectorial allocation over the period as per the approved code list and Section 24 of the Act, the highest beneficiary being education sector through bursary and schools' infrastructural development. The table below shows how the funds were distributed:

SECTOR	ALLOCATION (KSHS)	PERCENTAGE ALLOCATION
Administration	10,736,822	6%
Monitoring and Evaluation	5,368,411	3%
Bursary	71,578,815	40%
Emergency	9,444,313	5%

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Capital Grants to Primary Schools	64,866,148	36%
Capital Grants to Secondary Schools	2,620,000	15%
Climate Change Mitigation Activities	2,868,562	3.6%
Security	9,351,927	11.8%
Constituency Innovation and Digital Hubs	1,127,954	1.4%

### **Bursary Sector**

Over the last three years, the committee has consistently allocated bursaries to over 10,000 learners every financial year, demonstrating its strong commitment to supporting education in the constituency. In addition to bursary allocations, the committee has achieved several milestones, including training 500 learners under the Driving Scholarship Program at a total cost of Kshs 6,500,000, training 104 learners in FY 2023/2024 and 61 learners in 2025 through the STCW program, and paying school fees for 64 students under the COBET program.

The committee's bursary allocation policy awards Kshs 10,000 per learner for university degree students, Kshs 8,000 for diploma students, and Kshs 6,000 for certificate students. Furthermore, in 2023, the scholarship program supported 134 students who scored 350 marks and above in KCPE, each receiving Kshs 15,000, amounting to a total of Kshs 2,010,000. These students were promised continued support for the rest of their high school education provided they maintained an average mean grade of C+ and above. As a result, in 2025, 106 students met this requirement and received bursaries totalling Kshs 1,590,000.

### **Grants to Primary and Secondary Schools**

Poor academic performance in the constituency is contributed to by a lack of proper school infrastructure, such as laboratories and laboratory apparatus,

Toilets renovation was priority for the committee whereby most of the primary schools have modern toilets. These will enhance public health and hygiene at the learning institutions.

### **Security**

The committee has ensured completion of Mbaraki Police. In addition, the committee equipped with furniture and computer to enable their service delivery improved.

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Name: Fatma M Abubakar

**Fund Account Manager**

**8. Environmental and Sustainability Reporting**

The Mvita Constituency NG-CDF is dedicated collecting, analyzing, and disclosing information about the institution's environmental and sustainability performance. This reporting helps the committee track its environmental impact, demonstrate accountability to stakeholders, and improve sustainability practices.

**1. Sustainability strategy and profile -**

To ensure the sustainability of NG- CDF Mvita Constituency, the committee funds the following key sectors with the following sustainable priorities.

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

## **2. Environmental performance**

Environmental protection is a core initiative of the Mvita NG-CDF. We consider caring for the environment a fundamental responsibility and a crucial aspect of our operational approach. Our commitment to environmental stewardship is deeply integrated in our strategic plan. As the committee, we are waiting for guidelines from the Board in line with the changes in the NG-CDF Act 2015 as amended in 2023. These will guide the in coming up with future strategies in handling climate change mitigation matters.

## **3. Employee welfare**

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

Employees are encouraged and supported to build on their skills and knowledge continually. NG- CDF Mvita Constituency invests in capacity-building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross-cutting issues.

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

#### **4. Marketplace practices-**

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

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

NG- CDF Mvita Constituency has put in efforts to ensure:

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

#### **5. Community Engagements-**

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

#### **6. Public Participation in Project Identification, Implementation, and Monitoring**

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


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

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

#### **7. Public Awareness**

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

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

  
.....  
Name: Fatma M. Abubakar  
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- Mvita 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- Mvita 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 NG- CDF Mvita Constituency further confirms the completeness of the accounting records maintained for the constituency, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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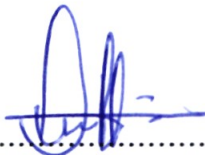
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The Accounting Officer in charge of the NG- CDF Mvita Constituency confirms that the Constituency has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds 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 NG- CDF Mvita Constituency financial statements were approved and signed by the Accounting Officer on 5<sup>th</sup> December 2025.



.....  
Name: ALI BAFUNDI  
Chairman – NGCDF Committee



.....  
Name: FATMA M ABUBAKAR  
Fund Account Manager

# REPUBLIC OF KENYA

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund - Mvita Constituency set out on pages 1 to 63 which comprise of the statement of financial position as at 30 June, 2025 and the

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

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 - Mvita 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 NG-CDF Act, 2015 (Amended 2023), 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. Unreconciled Cash and Cash Equivalents Balances**

The statement of financial position reflects cash and cash equivalents balance of Kshs. 137,895,655 which includes PMC balances of Kshs.88,914,929 as shown in Annex 2 of the financial statements. However, seven (7) bank accounts with balances totaling Kshs. 24,758,423 differed with the respective cashbook balances totaling Kshs.9,439,168. The variance of Kshs.15,319,255 between the financial statement balances as reflected in the PMC accounts and cashbooks was not reconciled or explained.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.137,895,655 could not be confirmed.

#### **2. Inaccuracy of Property, Plant and Equipment Balance**

The statement of financial position and Note 23 to the financial statements reflects property, plant and equipment balance of Kshs. 2,402,948. Note 23 to the financial statements discloses property, plant and equipment at cost as at 30 June, 2025 of Kshs.7,312,582 which differs with Annex 1, summary of asset register, PPE cost of Kshs.61,697,475. The variance of Kshs.54,384,893 was not explained.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.2,402,948 could not be confirmed.

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

## Emphasis of Matter

### Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects expenditure budget amount and actual on a comparable basis of Kshs.340,139,872 and Kshs.202,250,216 respectively resulting in under-utilization of Kshs. 137,089,656 or 41% of the budget.

The under-utilization may have impacted negatively on the Funds activities and hindered service delivery to the public.

My opinion is not modified in respect of this matter.

### Key Audit Matters

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

### Other Matter

#### Unresolved Prior year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Fund in 2024/2025 revealed that the following four (4) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Unexplained variances in the financial statements
2	2023/2024	Unsupported project management committee (PMC) bank balances
3	2023/2024	Undisclosed fixed asset-building
4	2023/2024	Budgetary control and performance

### Other Information

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

In connection with my audit on the National Government Constituencies Development Fund - Mvita Constituency 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

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

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Construction of Shimanzi Chief's Office and Two Door Toilets and the District Accountant's Office

The statement of financial performance reflects other grants and transfers of Kshs. 114,387,806 as disclosed in Note 14 to the financial statements. Included in this expenditure is an amount of Kshs. 5,328,804 relating to security projects. The expenditure included costs of construction of Shimanzi chiefs office in which the Fund entered into a contract with a firm for the construction of single chief's office and two door toilets at a contract sum of Kshs.4,138,392. The project was completed, works certified and the contractor paid as per the contract terms. However, the bill of quantities had a provisional sum of Kshs. 650,000 which was not supported with a breakdown of the works done. Further, the bill of quantities had also provided for a tank with storage capacity of 10,000 litres but instead a tank of 5,000 litres was installed. In addition, there was no signage for the project.

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

#### 3. Failure to Maintain a Fixed Asset Register

The statement of financial position and Note 23 to the financial statements reflects property, plant and equipment balance of Kshs.2,402,948. However, no fixed asset register was provided in support of the amount. Evidence of existence of the assets was supported with listing maintained by the Fund which did not include land and buildings. This is contrary to Section 143 (1) and (2) of Public Finance Management (National Government) Regulations, 2015 that prescribes that the Accounting Officer to be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws and that the register of land and buildings to record each parcel of land and each building and the terms on which it is held, with reference to the

conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details.

In the circumstances, Management was in breach of the law

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

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

### **Conclusion**

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

### **Basis 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 Management Committee**

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.

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


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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**8 December, 2025**

## Appendices

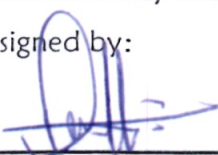
	Bank Account Number	PMC Account	Financial Statement Balance Kshs.	Cashbook Balance Kshs.	Variance Kshs.
1	460284493944	Central Girls Primary School	825,801.00	825,800	1.00
2	460285500917	Makupa Primary	4,241,805.00	3,821,903.50	419,901.50
3	460284480432	Serani Primary School	8,625,940.00	12,084	8,613,856.00
4	460285491711	Tudor Day	500,000.00	25,200	474,800.00
5	460285588786	Sheikh Abdallah Alfarsy	3,619,356.00	3,619,536	-180.00
6	1071265395900	Mbaraki Police Station	6,940,138.50	935,216	6,004,922.50
7	460285465933	DCC	5,383.00	199,428	-194,045.00
			<b>24,758,423.50</b>	<b>9,439,168</b>	<b>15,319,256.00</b>

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

	Note	2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	179,441,954
Transfers from domestic and foreign partners	7	-
Revenue from exchange transactions		
Finance income	8	-
Miscellaneous income	9	6,000
<b>Total revenue</b>		<b>179,447,954</b>
Expenses		
Employee costs	10	7,244,840
Committee expenses	11	6,245,780
Use of Goods and Services	12	3,240,860
Other Government Units Actual expenditure	13	67,758,452
Other Grants and Transfers Actual expenditure	14	114,387,806
Depreciation and amortization expense	15	847,812
Digital Hubs Expenses Actual expenditure	16	2,949,890
<b>Total expenses</b>		<b>202,675,440</b>
Other gains/(losses)		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
<b>Surplus/(Deficit) for the year</b>		<b>(23,227,486)</b>

The Constituency financial statements were approved by the NGCDFC on 05<sup>th</sup> December 2025 and signed by:



Chairman NG- CDF  
Committee  
Name: Ali Bafundi



National Sub-County  
Accountant  
Name: Julius Muchohi  
ICPAK M/No: 7897



Fund Account Manager  
Name: Fatma M Abubakar

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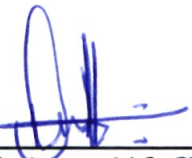
11. Statement Of Financial Position As At 30th June, 2025


	Note	2024-2025	Opening Statement 1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	19	137,895,655	153,936,254
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	23,441,954	30,203,618
Prepayments	22	-	-
<b>Total Current Assets</b>		161,337,610	184,139,872
<b>Non-Current Assets</b>			
Property, Plant and Equipment	23	5,934,685	2,402,948
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
<b>Total Non- Current Assets</b>		5,934,685	2,402,948
<b>Total Assets (A)</b>		167,272,295	186,542,820
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	26	-	-
Third Party Deposits	27	4,460,887	1,600,249
Lease Liabilities	28	-	-
Gratuity Provision	29	1,568,247	471,925
<b>Total Current Liabilities</b>		6,029,134	2,072,174
<b>Non-Current Liabilities</b>			
Lease Liabilities	28	-	-
<b>Total Liabilities (B)</b>		6,029,134	2,072,174
<b>Net Assets (A-B)</b>		161,243,160	184,470,646
Represented by:			


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Accumulated Surplus		161,243,160	184,470,646
Total Net Assets		161,243,160	184,470,646

The Constituency financial statements set out on pages 1 to 15 approved by NG- CDFC on 05<sup>th</sup> December 2025 and signed by:

  
Chairman NG-CDF  
Committee  
Name: Mr. ALI BAFUNDI

  
National Sub-County  
Accountant  
Name: CPA Julius G.  
Muchohi  
ICPAK M/No: 7897

  
Fund Account Manager  
Name: Ms. FATMA M  
ABUBAKAR

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

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
Fund Balance as at 30 <sup>th</sup> June 2024	112,843,073	-	112,843,073
Adjustments			
Recognition of Assets	73,699,747		73,699,747
Recognition of Liabilities	2,072,174		2,072,174
As at July 1, 2024	184,470,646		184,470,646
Surplus/(Deficit) For the Period	(23,227,486)		(23,227,486)
Revaluation Gain/Loss	-	-	-
As at June 30, 2025	<b>161,243,160</b>	-	<b>161,243,160</b>

Note:

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

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

	Notes	2024-2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		186,203,618
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		6,000
<b>Total Receipts</b>		<b>186,209,618</b>
Payments		
Employee costs		6,148,518
Committee expenses		6,245,780
Use of Goods and Services		3,240,860
Other Government Units Certified Works		65,305,317
Other Grants and Transfers		114,122,788
Digital Hubs Expenses		2,807,405
<b>Total Payments</b>		<b>197,870,667</b>
Net Cash Flows from/ (used in) Operating Activities	30	(11,661,049)
Cash flows From Investing Activities		
Purchase of PPE		4,379,549
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
<b>Net Cash Flows from Investing Activities</b>		<b>4,379,549</b>
Net increase/(decrease) in cash &		(16,040,598)

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		c=(a+b)	d	e=(c-d)	f=d/c*100
	2024-2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024-2025	2024-2025		
Revenue							
Transfers From the NGCDF Board	179,441,954	153,936,254	30,203,618	363,581,826	340,139,872	23,441,954	94%
Grants/donations from other entities	-	-	-	-	-	-	
Finance income	-	6,000	-	6,000		6,000	0%
Miscellaneous income			-	-		-	
<b>Totals</b>	179,441,954	153,942,254	30,203,618	363,587,826	340,139,872	23,447,954	94%
Expenses							
Employee costs	5,947,107	4,488,562	-	10,435,669	6,148,518	4,287,151	59%
Committee expenses	6,396,412	1,828,544	2,120,443	10,345,399	6,245,780	4,099,619	60%

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Cash equivalents		
Cash Flows from Financing Activities		
Lease Payment		
Net Cash Flows from Financing Activities		(16,040,598)
Cash and cash equivalents at 1 July 2024	19	153,936,254
Cash and cash equivalents at 30 June 2025	19	137,895,655

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	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024-2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024-2025	2024-2025		
Use of Goods and Services	3,761,715	2,863,955	1,066,186	7,691,856	3,240,860	4,450,996	42%
Other Government Units Certified Works	67,486,149	81,636,314	16,625,556	165,748,018	65,305,317	100,442,701	39%
Other Grants and Transfers	93,243,618	55,278,773	700,000	149,222,391	114,122,788	35,099,603	76%
Digital Hubs Expenses	1,127,954	1,555,164	3,000,000	5,683,118	2,807,405	2,875,713	49%
Funds Pending Approval**	-	992,285	-	992,285	-	992,285	0%
others	1,479,000	5,310,260	6,691,433	13,480,693	4,379,549	9,101,144	32%
<b>Total Expenditure</b>	<b>179,441,954</b>	<b>153,953,857</b>	<b>30,203,618</b>	<b>363,599,430</b>	<b>202,250,216</b>	<b>161,349,213</b>	
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.

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Explanatory Notes.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	161,349,213
Less undisbursed funds receivable from the Board as at period 30 <sup>th</sup> June, 2025	23,447,954
Cash and Cash Equivalents at the end of the 30 <sup>th</sup> June 2025	137,895,655

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 05<sup>TH</sup> December 2025 and signed by:

 _____	 _____	 _____
Fund Account Manager	National Sub-County Accountant	Chairman NG-CDF Committee

Name: Ms. Fatma M Abubakar

Name: Julius G. Muchohi

Name: Mr. Ali Bafundi

ICPAK M/No:7897

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

(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)

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	5,947,107	4,488,562		10,435,669	6,148,518	4,287,151
1.2 Committee allowances	1,628,000	242,980		1,870,980	1,064,800	806,180
1.3 Use of goods and services	3,161,715	2,616,623		5,778,338	1,892,137	3,886,201
Sub-total	10,736,822	7,348,165	-	18,084,987	9,105,455	8,979,532
2.0 Monitoring and evaluation						
2.1 Capacity building	3,169,412	536,278	1,570,443	5,276,133	3,395,670	1,880,463
2.2 Committee allowances	1,599,000	1,049,286	550,000	3,198,286	1,785,310	1,412,976
2.3 Use of goods and services	600,000	247,332	1,066,186	1,913,518	998,723	914,795
Sub-total	5,368,412	1,832,896	3,186,629	10,387,937	6,179,703	4,208,234
4.0 Emergency						-

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unutilized	9,444,313	9,058,728		18,503,041		18,503,041
Sub-total	9,444,313	9,058,728	-	18,503,041	-	18,503,041
5.0 Bursary and Social Security						
5.1 Primary Schools				-		-
5.2 Secondary Schools	37,078,816	1,066,000		38,144,816	42,051,500	(3,906,684)
5.3 Tertiary Institutions	30,000,000	36,412,385		66,412,385	53,963,750	12,448,635
5.4 special needs	1,500,000	4390000		5,890,000	5,761,000	129,000
5.5 Education Support Programmes				-		-
5.6 Social Security	3,000,000	3,000,000		6,000,000	3,000,000	3,000,000
Sub-total	71,578,816	44,868,385	-	116,447,201	104,776,250	11,670,951
7.0 Environment						
MAJENGO PRIMARY SCHOOL	1,160,122			1,160,122		1,160,122
NGCDF OFFICE	1,708,440			1,708,440		1,708,440
FAHARI PRIMARY		1,931,876		1,931,876	1,654,591	277,285
Sub-total	2,868,562	1,931,876	-	4,800,438	1,654,591	3,145,847
8.0 Primary Schools Projects						
MAKUPA PRIMARY SCHOOLS	3,821,805			3,821,805	-	3,821,805
ST AUGUSTINE PRIMARY SCHOOLS	900,000	57,450		957,450	-	957,450
BAHARI PRIMARY SCHOOL	13,659,658	800,000		14,459,658	798,000	13,661,658

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CENTRAL GIRLS PRIMARY SCHOOL	5,310,245	817,395	10,012,185	16,139,825	13,003,779	3,136,046
KAA CHONJO PRIMARY SCHOOL	250,000			250,000	-	250,000
KALOLENI PRIMARY SCHOOL	2,075,475			2,075,475		2,075,475
SERANI PRIMARY SCHOOL	3,465,050	237,817		3,702,867	-	3,702,867
SERANI PRIMARY SCHOOL	5,160,890			5,160,890	-	5,160,890
SPARKI PRIMARY SCHOOL	900,000	19,764,992		20,664,992	13,501,110	7,163,882
ST AUGUSTINE PRIMARY SCHOOLS	10,590,816			10,590,816	-	10,590,816
STAR OF THE SEA HIGH SCHOOL	14,332,210	280,742		14,612,952	-	14,612,952
STAR OF THE SEA HIGH SCHOOL	900,000			900,000	-	900,000
TOM MBOYA PRIMARY SCHOOL	500,000	16,068,433		16,568,433	13,648,072	2,920,362
MVITA PRIMARY SCHOOL	3,000,000	15,829,209		18,829,209	13,101,150	5,728,059
MAKANDE PRIMARY		1,500,000		1,500,000		1,500,000
BONDENI PRIMARY		397,435		397,435		397,435
MAJENGO PRIMARY SCHOOL		540,000		540,000	530,583	9,417
MBARAKI PRIMARY		381,395		381,395		381,395
RONALD NGALA PRIMARY		753,087		753,087	645,514	107,573
TUDOR PRIMARY		58,116		58,116		58,116

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KIKOWANI KALOLENI		119,790		119,790		119,790
MVITA YOUTH RESOURCE		434,250		434,250		434,250
RG NGALA FOOTBALL PITCH		668		668		668
BURHANIYA PRIMARY SCHOOL		11,604		11,604		11,604
ALLIDINA VISRAM		135,985		135,985		135,985
Sub-total	64,866,14 9	58,188,36 8	10,012,185	133,066,70 2	55,228,20 8	77,838,494
9.0 Secondary Schools Projects (List all the Projects)						
SHARIFF NASSIR GIRLS SECONDARY SCHOOL	2,620,000			2,620,000	-	2,620,000
MEKATILILI WA MENZA		2,008,691		2,008,691	-	2,008,691
SHEIKH ABDALLAH ALFARSY	-	3,892,629	6,613,371	10,506,000	7,862,644	2,643,356
TUDOR SECONDARY		500,000		500,000	-	500,000
MAKUPA BOYS SECONDARY SCHOOL		791,655		791,655	559,874	231,781
MVITA BOYS SECONDARY SCHOOL		4,200,196		4,200,196		4,200,196
MAKUPA BOYS CLASSROOMS		142,231		142,231		142,231
MEKATILILI WA MENZA		952,980		952,980		952,980
Sub-total	2,620,000	12,488,38 2	6,613,371	21,721,753	8,422,518	13,299,235
10.0 Tertiary institutions Projects						

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(List all the Projects)						
				-		-
Sub-total		-	-	-	-	-
11.0 Security Projects						
MBARAKI POLICE STATION				-		-
MVITS SUB COUNTY ACCOUNTANT	2,000,000			2,000,000		2,000,000
SHIMANZI CHIEFS OFFICE	4138392			4,138,392		4,138,392
MBARAKI POLICE STATION	3,213,535	10,373,348		13,586,883	4,563,869	9,023,015
DCC -MVITA SUB-COUNTY	-		700,000	700,000	694,617	5,383
Sub-total	9,351,927	10,373,348	700,000	20,425,275	5,258,486	15,166,790
12.0 Acquisition of assets						
12.1 Motor Vehicles (including motorbikes)		414,000	6,000,000	6,414,000	413,999	6,000,001
12.2 Purchase of furniture and fittings	1,479,000	1,396,260	691,433	3,566,693	2,658,101	908,592
12.2 Construction of CDF office		3,500,000.00		3,500,000	3,088,252	411,748
Sub-total	1,479,000	5,310,260	6,691,433	13,480,693	6,160,352	7,320,341
13.0 Others						
ICT HUB	1,127,954.00	-	3,000,000	4,127,954	4,114,854	13,100
SPORTS		1,105,164.27	-	1,105,164	999,800	105,364
MVITA NG-CDF Strategic Plan		450,000.00	-	450,000	350,000	100,000

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Sub-total	1,127,954	1,555,164	3,000,000	5,683,118	5,464,654	218,464
Funds pending approval**				-		-
unapproved projects	-	992,285		992,285		992,285
AiA		6,000		6,000		6,000
<b>Sub-total</b>	-	998,285	-	998,285	-	998,285
Total	179,441,954	153,953,858	30,203,618	363,599,430	202,250,216	161,349,213

## 16. 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 Mvita Constituency principal activity is to target grassroots development, funding Education, Security Institutions, Health facilities, Bursary and Community initiatives

### 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.

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The financial statements have been prepared in accordance with the PFM Act and international Public Sector Accounting Standards (IPSAS). The NG-CDF Mvita has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach: Therefore, this is the 1st transitional financial statements. The NG-CDF Mvita has recognized all financial Assets which includes cash and cash equivalent for operational account, deposit account and PMC Balances, Receivables (owing from the board and others), Prepayments, PPE and intangible assets acquired in FY 2023/2024 to date of reporting. Liabilities recognized includes trade and other payables, third party deposits and gratuity provisions. Recognition of all other non-financial assets acquired in FY prior to 2023/2024 to be recognized in the third year of transition after identification and valuations have been done.

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1<sup>st</sup> January 2025</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 to the constituency.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1<sup>st</sup> January 2025</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> <p>This IPSAS is not applicable to this constituency.</p>

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<p>IPSAS 45: Property Plant and Equipment</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></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><b>The IPSAS will be adopted effective 1st July 2025</b></p>
<p>IPSAS 46: Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>The IPSAS will be adopted effective 1st July 2025</b></p>
<p>IPSAS 47: Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></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 reven</p>

*National Government Constituencies Development Fund (NGCDF)*  
*Mvita 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><b>The IPSAS will be adopted effective 1st July 2025</b></p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b>The IPSAS was not applicable at the constituency</b></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b>IPSAS not applicable at the Constituency</b></p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p><b>IPSAS not applicable at the Constituency</b></p>

*iii.* Early adoption of standards

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

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

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

**c) Property, plant and equipment**

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

**d) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**e) Intangible assets**

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

**f) Financial instruments**

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

**a) Financial assets**

**Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

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

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

### **Trade and other receivables**

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

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

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

#### **Impairment**

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

#### **b) Financial liabilities**

##### **Classification**

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

##### **g) Inventories**

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

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

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

the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**h) Provisions**

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

**i) Social Benefits**

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

**j) Contingent liabilities**

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

**k) Contingent assets**

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

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

**l) Employee benefits**

**Retirement benefit plans**

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

**m) Foreign currency transactions**

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

**n) Related parties**

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

**o) Cash and Cash Equivalents**

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

**p) Comparative figures**

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

**q) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual value**

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

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

**Provisions**

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

**6. Transfers from the NGCDF Board**

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

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7. Transfers from domestic and foreign partners

Description	2024-2025
	Kshs
Grants	-
Total	-

8. Finance income

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

9. Miscellaneous income

	2024-2025
	Kshs
Rental Income	-
Income from sale of tenders	-
Hire of plant/equipment/facilities	6,000
Other Income Not Classified Elsewhere (specify)	-
Total	6,000

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10. Employees cost

	2024-2025
	Kshs
NG-CDFC Basic staff salaries	4,215,942
Personal allowances paid as part of salary	-
House Allowance	409,740
Transport Allowance	222,000
Leave allowance	-
Gratuity to contractual employees	2,064,484
Employer Contributions Compulsory national social security schemes	252,603
Employer Contributions Compulsory Housing levy	69,122
Employer contributions to National Industrial Training Authority	10,950
Other Specify	-
<b>Total</b>	<b>7,244,840</b>

11. Committee Expenses

	2024-2025
	Kshs
Sitting allowance	1,064,800
Other Committee expenses	5,180,980
<b>Total</b>	<b>6,245,780</b>

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12. Use of Goods and services

	2024-2025
	Kshs
Utilities, supplies and services	642,441
Communication, supplies and services	36,743
Domestic travel and subsistence	195,200
Printing, advertising and information supplies & services	317,000
Transport expenses	36,323
Training expenses	713,600
Hospitality supplies and services	30,205
Uniforms	3,600
Specialized materials and services	-
Office and general supplies and services	796,178
Fuel, oil & lubricants	50,000
Bank charges	23,750
supplies and accessories of computer	45,820
Routine maintenance – other assets	-
Strategic plan expenses	350,000
Other operating expenses	-
<b>Total</b>	<b>3,240,860</b>

13. Other Government Units Actual expenditure

Description	2024-2025
	Kshs
Primary Schools Actual expenditure	59,703,508
Secondary Schools Actual expenditure	8,054,944
Tertiary Institutions Actual expenditure	-
<b>Total</b>	<b>67,758,452</b>

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14. Other Grants and transfers Actual expenditure

	2024-2025
	Kshs
Bursary – secondary schools	42,051,500
Bursary – tertiary institutions	53,963,750
Bursary – special schools	5,761,000
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	3,000,000
Security projects Actual expenditure	5,328,804
Climate change mitigation projects	-
Emergency projects Actual expenditure	-
Roads projects Actual expenditure	3,282,952
Others (Mvita Huduma Centre)	999,800
<b>Total</b>	<b>114,387,806</b>

15. Depreciation and Amortization Expenses

Description	2024-2025
	Kshs
Property Plant and Equipment	847,812
Intangible Assets	-
<b>Total</b>	<b>847,812</b>

16. Digital Hubs Expenses

Description	2024-2025
	Kshs
Construction/ renovation/ Actual expenditure	2,949,890
Digital Hub utility costs Water, Electricity,	-
Maintenance of ICT equipment	-
Maintenance of building	-
Others (Equipping of the Digital Hub)	-
<b>Total</b>	<b>2,949,890</b>

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17. Gain/loss on Sale of Assets

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

18. Impairment Loss

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

19. Cash and Cash Equivalents

Name Of Bank and Account No.	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Bank Accounts (Cash Book Bank Balance)</b>		
Mvita NG-CDF, 0460297599144. (Operations account)	47,547,219	112,843,073.28
Operations account pending closure (Indicate name & account no.)	-	-
Mvita NG-CDF Deposit Account, 0460285496100. (Deposit account)	1,433,507	-
Equity Bank, Premier Bank and National Bank (PMC accounts)	88,914,929	41,093,180.55
<b>Total</b>	<b>137,895,655</b>	<b>153,936,254</b>
<b>Cash Balances</b>		
Location 1	-	-
Location 2	-	-
Other Locations (Specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
[Provide Cash Count Certificates for Each]		

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

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20. Receivables from Exchange Transactions

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

i. Ageing Analysis for Receivables

Description	2024-2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	-	0%	-	0%
Between 1- 2 years	-	0%	-	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total (a+b)	-	0%	-	0%

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21. Receivables from Non-Exchange Transactions

Description	2024-2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	23,441,954		30,203,618	
Outstanding imprest	-		-	
<b>Total</b>	<b>23,441,954</b>		<b>30,203,618</b>	
Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	23,441,954	100%	30,203,618	100%
Between 1-2 years		100%	-	0%
Over 3 years	-	0%	-	%
<b>Total</b>	<b>23,441,954</b>	<b>100%</b>	<b>30,203,618</b>	<b>100%</b>

22. Prepayments

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

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23. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation Rate(specify)		2%	25%	12.5%	30%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 <sup>st</sup> July 2024	-	-	-	1,999,000	934,033	-	-	2,933,033
Additions	-	-	413,999	3,365,550	600,000	-	-	4,379,549
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As At 30 <sup>th</sup> June 2025	-	-	413,999	5,364,550	1,534,033	-	-	7,312,582
Depreciation And Impairment								
Opening Depreciation		-	-	249,875	280,210	-	-	530,085
Depreciation	-	-	51,750	639,334	156,728	-	-	847,812
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At 30 <sup>th</sup> June 2025		-	51,750	889,209	436,938	-	-	1,377,897
Net Book Values								
Net Book Values As At 2025	-	-	362,249	4,475,341	1,097,095	-	-	5,934,685
Net Book Values As At 2024	-	-	-	1,749,125	653,823	-	-	2,402,948

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**Valuation**

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

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

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	934,033	282,701	653,823
Office Equipment, Furniture, And Fittings	1,999,000	249,875	1,749,125
<b>Total</b>	<b>2,933,033</b>	<b>530,085</b>	<b>2,402,948</b>

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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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24. Intangible Assets

Description	2024-2025
	Kshs
<b>Cost</b>	
Opening balance at 1 <sup>st</sup> July 2024	-
Additions	-
Disposal	-
At end of the 2023-2024	-
<b>Amortization and impairment</b>	
At beginning of the year	-
Amortization	-
At end of the year	-
Impairment loss	-
At end of the year	-
NBV at July 1 <sup>st</sup> 2024	-
NBV at June 30 <sup>th</sup> 2025	-

25. Right-of use assets

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>				
As At 1 July 2023-2024	-	-	-	-
Additions	-	-	-	-
As At 30 June 2023-2024	-	-	-	-
Additions	-	-	-	-
As At 30 June 2024-2025	-	-	-	-
<b>Accumulated Depreciation</b>				
As At 1 July 2023-2024	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2023-2024	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2024-2025	-	-	-	-
<b>Carrying Amount</b>				
As At 30 June 2025	-	-	-	-

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26. Trade and Other Payables

Description	2024-2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables	-	-	-	-
Employee payables	-	-	-	-
Other payables	-	-	-	-
Total trade and other payables	-	-	-	-
Aging analysis: (Trade and other payables)	2024-2025	% of the Total	1 <sup>st</sup> July	% of the Total
Under one year	-	-	-	0%
1-2 years	-	-	-	0%
2-3 years	-	-	-	0%
Over 3 years	-	-	-	0%
Total (tie to above total)	-	-	-	0%

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27. Third-Party deposits

	2024-2025
	KShs
Retention as at 1 <sup>st</sup> July (A)	1,600,249
Retention held during the year (B)	6,725,245
Retention paid during the Year (C)	3,864,606
Closing Retention as at 30 <sup>th</sup> June D= A+B-C	4,460,887

Retentions aging analysis.

	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	4,460,887	100%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	4,460,887	100%	-	0%

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

28. Lease Liabilities

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

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**Maturity Analysis**

<b>Period</b>	<b>Amount</b>
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: unearned Interest	-
	-

**Analysed as:**

<b>Description</b>	<b>Amount</b>
Current	-
Non- Current	-
Total	-

**29. Gratuity Provision**

<b>Description</b>	<b>2024-2025</b>
	<b>Kshs</b>
Gratuity at the beginning of the year 1 <sup>st</sup> of July	471,925
Gratuity held during the year	2,064,484
Gratuity paid during the year	968,162
<b>Total Gratuity Provision 30th June (A+B-C)</b>	<b>1,568,247</b>

### 30. Cash Generated from Operations

	2024-2025
	Kshs
Surplus/Deficit for the year	(23,227,486)
Adjusted for:	
Depreciation	847,812
Impairment	-
Gains and losses on disposal of assets	-
<b>Working capital adjustments</b>	
Increase/decrease in receivables	(6,761,664)
Increase/decrease in third party deposits	(2,860,639)
Increase/decrease in payables	(1,096,322)
<b>Net cash flow from operating activities</b>	<b>(11,661,049)</b>

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

### 31. Financial Risk Management

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

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**i) Credit risk**

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

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024-2025</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	23,441,954	23,441,954	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>23,441,954</b>	<b>23,441,954</b>	-	-
<b>As at 30 June 2023-2024</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	30,203,618	30,203,618	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>30,203,618</b>	<b>30,203,618</b>	-	-

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

### Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has no significant concentration of credit risk. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Trade payables	-	-	-	-
Current proportion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	1,568,247	1,568,247
<b>Total</b>	-	-	<b>1,568,247</b>	<b>1,568,247</b>
<b>As at 30<sup>th</sup> June 2024</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Gratuity Provision	-	-	471,925	471,925
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	<b>471,925</b>	<b>471,925</b>

**iii) Market risk**

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

**a) Foreign currency risk**

The Entity has transactional no currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

## 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.

### b) Interest rate risk

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

### Management of interest rate risk

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

### 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

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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.

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

**iv) Capital Risk Management**

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

Description	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Revaluation Reserve	181,762,057	181,762,057
Retained Earnings	(19,735,281)	-
Capital Reserve	-	-
Total Funds	162,026,776	181,762,057
Total Borrowings	-	-
Less: Cash and Bank Balances	138,679,271	150,860,091
Net Debt/(Excess Cash And Cash Equivalents)	23,347,505	30,901,966
Gearing	0%	0%

### 32. Related Party Disclosures

	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Committee Members Remuneration</b>		
Sitting allowance of committee Members during the year	6,245,780	-
<b>Transaction with the NGCDF Board</b>		
Transfers from the NGCDF Board during the year	179,441,954	-
<b>Total</b>	<b>179,441,954</b>	<b>-</b>

### 33. Segment Information

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

### 34. Contingent Assets and Contingent Liabilities

#### Contingent Assets

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

(Give details)

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Contingent Liabilities

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

**35. Capital Commitments**

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

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

**36. Events after the Reporting Period**

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

**37. Ultimate And Holding Entity**

The Mvita 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.

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17. 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	51,787,658	-	-	51,787,658
Transport equipment	176,320	-	-	176,320
Office equipment, furniture, and fittings	556,148	3,365,550	-	3,921,698
ICT Equipment and Other ICT Assets	2,312,910	-	-	2,312,910
Other Machinery and Equipment	135,000	3,363,889	-	3,498,889
Intangible assets	-	-	-	-
<b>Total</b>	<b>54,968,036</b>	<b>6,729,439</b>	<b>-</b>	<b>61,697,475</b>

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

PMC	Bank	Account number	Bank Balance Current period	Opening Statement 1 <sup>st</sup> July 2024
BAHARI PREPATORY SCHOOL	EQUITY BANK	0460285681513	13,661,658.00	-
BURHANIYA PRIMARY SCHOOL	EQUITY BANK	2100285446883	11,604.00	11,604
CENTRAL GIRLS PRIMARY SCHOOL	EQUITY BANK	460284493944	825,801.00	817,395
MAJENGO PRIMARY	EQUITY BANK	460285539261	9,417.00	-
MBARAKI PRIMARY SCHOOL	EQUITY BANK	460285144888	381,395.00	381,395
MVITA PRIMARY SCHOOL	EQUITY BANK	460284656115	10,214,969.00	15,829,209
RONALD NGALA PRIMARY SCHOOL	EQUITY BANK	460284507500	107,573.00	253,087
SPARKI PRIMARY SCHOOL	EQUITY BANK	18076101	7,163,881.53	-
ST AUGUSTINE PRIMARY SCHOOL	EQUITY BANK	460284485515	57,450.00	57,450
STAR OF THE SEA PRIMARY SCHOOL	EQUITY BANK	460284480873	12,463,748.00	280,742
TOM MBOYA BOYS PRIMARY SCHOOL	EQUITY BANK	4602845309986	1,644,237.50	4,085,796
TUDOR PRIMARY SCHOOL	EQUITY BANK	460284507193	58,116.00	58,116
KIKOWANI KALOENI	EQUITY BANK	460280824224	119,790.00	119,790
MVITA YOUTH RESOURCE	EQUITY BANK	460277388194	434,250.00	434,250
RG NGALA FOOTBALL PITCH	EQUITY BANK	460276219089	668.00	668
ALLIDINA VISRAM	EQUITY BANK	460280824248	135,985.00	135,985

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MARYCLIFF	EQUITY BANK	460285496419	330,000.00	-
MAKUPA PRIMARY	EQUITY BANK	460285500917	4,241,805.00	-
FAHARI COMPREHENSIVE	EQUITY BANK		129,917.00	1,784,508
SERANI PRIMARY SCHOOL	EQUITY BANK	460285453851	8,625,940.00	-
MAKUPA BOYS CLASSROOMS	EQUITY BANK	460282094451	142,231.00	142,231
MVITA BOYS SECONDARY SCHOOL	EQUITY BANK	460284484893	4,200,196.00	4,200,196
MAKUPA BOYS SECONDARY SCHOOL	EQUITY BANK		231,781.00	791,655
MEKATILILI WA MENZA	EQUITY BANK	460280508700	2,956,065.55	947,375
TUDOR DAY	EQUITY BANK	460285491711	500,000.00	-
SHEIKH ABDALLAH ALFARSI	EQUITY BANK	460285588786	3,619,356.00	-
SHARRIFF NASSIR	EQUITY BANK	460286529489	2,620,000.00	-
SERANI SPECIAL SCHOOL	EQUITY BANK	460284480432	237,817.00	237,817
MBARAKI POLICE STATION	NATIONAL BANK	1071265395900	6,940,138.50	6,691,748
SHIMANZI CHIEFS OFFICE	EQUITY BANK	460286529205	4,138,392.00	-
DCC	EQUITY BANK	460285465933	5,383.00	-
SACRED HEART	EQUITY BANK	460286496609	2,600,000.00	-
SPORTS	EQUITY BANK	460285128599	105,364.00	1,105,164
Total			88,914,929.08	38,366,180.55

**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)
OAG/MR/AUDIT18/13/2024/2025(2)	In the audit report of the previous year, several issues were raised under the report on the financial statements and report on lawfulness and effectiveness in use of public resources. However, although management has indicated that the issues have been resolved, no evidence was provided in support of that status	All unresolved prior year matters raised by the Auditor General during the periods under review have been addressed by the committee and the supporting documents are available for review and clearance by DFAC	Un resolved.	In consultation with the Auditor while awaiting appearance before DFAC.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>i. The statement of budget execution by sectors and projects reflects budget utilization difference of Kshs.143,046.690 while Annex 3 in support of unutilized fund reflect balance of Kshs. 113,264,689. the variance of Kshs. 29,782,001 was not explained or reconciled.</p> <p>ii. The summary statement of appropriation reflects budget utilization difference of Kshs. 143,046,692 while the reconciliation of summary statement of appropriation to statement of assets and liabilities reflects the utilization difference of Kshs. 143,468,309. the</p>		Not resolved	In consultation with the Auditor while awaiting appearance before DFAC.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>variance of Kshs. 421,617 was not explained or reconciled.</p> <p>iii. The statement of assets and liabilities reflects cash and cash equivalent balances at the end of the year of Kshs. 112,843,073 while the reconciliation of summary statement of appropriation to statement of assets and liabilities reflects the balance of Kshs.113,264,690.The variance of Kshs 421,617 was not explained or reconciled.</p> <p>iv. The statement of receipts and payments reflects other grants and transfers of Kshs.68,967,239 while the disclosure Note 8 to</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the financial statements reflects the same balance as Kshs.69,069,239.The variance of Kshs.102,000 was not explained or reconciled.</p> <p>v. The statement of receipts and payments reflect total payment of Kshs.170,818,191 while the recomputed total is Kshs. 170,716,191. The variance of Kshs. 102,000 was not explained or reconciled.</p> <p>vi. The statement of receipts and payments and Note 4 to the financial statements, reflects Kshs. 5,610, 000 as compensation of employees. However the Payroll reflects a balance of Kshs. 5, 290,289 resulting to an</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>unexplained variance Kshs. 319, 711.</p> <p>In the circumstances the accuracy and completeness of the respective financial statements could not be confirmed.</p>			
OAG/MR/AUDIT18/13/2024/2025(2)	<p>1. Unsupported Project Management Committee (PMC) Bank Balances</p> <p>Note 19.4 and Annex 5 to the financial statements reflects PMC bank balances totaling Kshs.12, 376,918. However, fifteen bank accounts with a total balance of Kshs.254, 415 were not supported with bank certificates .</p>	<p>Some of the balances were meant for retention payments has been made and copies of the certificates of bank balances in support of the bank balances of the accounts are</p>	<p>Un resolved.</p>	<p>In consultation with the Auditor while awaiting appearance before DFAC</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Also, no evidence was provided that the outstanding amounts of Kshs.5,778,251 in respect of PMC balances as at 30 June 2023 that showed Kshs.Nil balances as at 30 June 2024 had been transferred into the NG-CDF main account. In the circumstances the accuracy and completeness of the PMC bank balances totaling Kshs. 12,376,918 could not be confirmed	attached as annex I.		
OAG/MR/AUDIT18/13/2024/2025(2)	Annex 4 to the financial statement on summary of fixed asset register reflects the historical value of assets of Kshs.6, 113,411 as at 30 June, 2024. However, omitted from the summary of fixed asset was building owned by		Un resolved	In consultation with the Auditor while awaiting appearance before DFAC.