

REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

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

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	11 FEB 2026
	DAY: Wednesday
TABLED BY:	Hon. (Dr.) Robert Pukose on behalf of Speaker of Majority
CLERK-AT THE TABLE:	hormale



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

NAVAKHOLO CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025

Transitional International Public Sector Accounting Standards (IPSAS) Financial Statements

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Constituency Information and Management

(a) Background information

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

Mandate

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

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

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

Vision

Equitable Socio-economic development countrywide.

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

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

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

Fiduciary Management

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

No	Designation	Name
1.	AIE holder	Thomas Ontweka
2.	National Sub-County Accountant	Roselyne Kolwa
3.	Chairman NGCDFC	Chripino Ndombi Makokha
4.	Member NGCDFC	Hellen Nanjakululu (operations bank account)
5.	Member NG CDFC	Bilali Akhonya (deposit bank account)
6		

(c) Fiduciary Oversight Arrangements

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

NGCDF Building
Navakholo - Muhuni -Chebuyusi Road
Nambacha KENYA.

(e) NGCDF Navakholo Constituency Contacts

P.O. Box 14-50127
Telephone: (254) 722288499
E-mail: cdfnavakholo@ngcdf.go.ke
Website: ngcdf.go.ke

(f) NGCDF Navakholo Constituency Bankers

1. Operations Account
Equity Bank Kenya Limited
Kakamega Branch
P.O. Box 2512-50100
Kakamega
2. Deposit account
Equity Bank Kenya Limited
Kakamega Branch
P.O. Box 2512-50100
Kakamega
3. Project Management Committee Accounts
Equity Bank Kenya Limited
Kakamega Branch
P.O. Box 2512-50100
Kakamega

(g) Independent Auditor

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

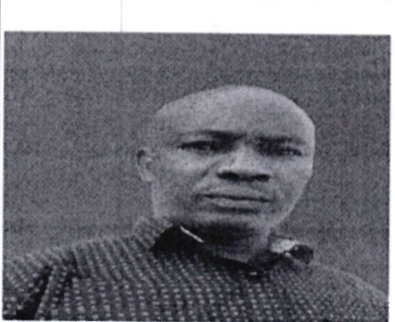
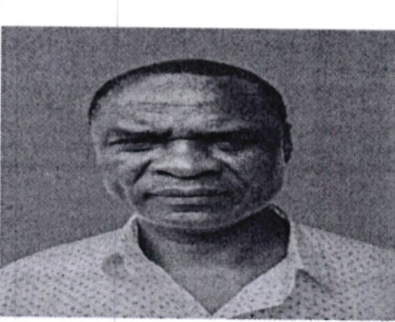
(h) Principal Legal Adviser

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

3. NGCDF Committee

Name	Details
 Chrispino Ndombi Makokha Chairman	Date of Birth: 01.01.1969 Academics: A'Level Work Experience; Prior to his appointment as chairperson he was a farmer and a committee member of NG CDF from 2013.
 Hellen Nanjakululu Secretary	Date of Birth: 02.10.1960 Academics: A' Level Work Experience; Served as a trained teacher from 1985-2020 Served in NG CDF as a committee member for the last four years.
 Bilali Akhonya Member	Date of Birth: 03.05.1983 Academics: KCSE Work Experience: Prior to appointment he works as a businessman.
 Ann Mwenyekombe Member	Date of Birth: 20.02.1979 Academics & Professional Qualification: Class 8 Work Experience: Farmer.

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Navakholo Constituency
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	Date of Birth: 05.09.1977 Academics& professional qualification: Class 8 Work Experience: Tailoring
Jackline Murunga Member	
	Date of Birth: 05.09.1993 Academics& professional qualification: Secretarial studies Work Experience: Farmer.
Naomi Mutebi Member	
	Date of Birth: 01.05.1968 Academics & professional qualification: A'Level Work Experience: Served at Kenya Defence forces from 1994-2003, IGS NGO 2010-2017 as a field officer and Member of NGCDF 2013 to date
Kennedy Ngao Barasa Member	
	Date of Birth: 30.12.1969 Academics& professional qualification: Master Degree in commerce Work Experience: Served at Kenap EPZ Kenya Limited from 1999-2007 and at tristar EPZ Kenya Limited at 1997-1999.
Thomas Ontweka Fund Account Manager	

List of NG-CDF Members who exited during the financial year are as follows. They served for two years (November, 2022 – November, 2024)

- Male Adult- Chrispino Ndombi Makokha -Chairman
- Male youth – Antony Siminyu- Member
- Female adult—Hellen Nanjakululu-Secretary
- Female youth –Juliet Ofwera- Member
- PWD REP- Ann Mwenyekombo--Member
- Co-opted Member—Bilali Akhonya- Member
- Male Adult –Kennedy Ngao Barasa- Member
- Female Adult – Catherine Mudogo - Member

4. NG-CDFC Chairman's Report



CHRISPINO NDOMBI MAKOKHA
NAVAKHOLO NG-CDFC CHAIRMAN

Budget Performance against actual amounts

The budget for the current year was allocated across various sectors with greater focus to education, climate change mitigation, security and National government service delivery unit (Huduma centre). The total budgetary allocation was Kshs. 179,441,954 under the National Government Constituency Development Fund (NG-CDF). The allocation supported key priority projects across the constituency.

Budget Allocation by Project Category

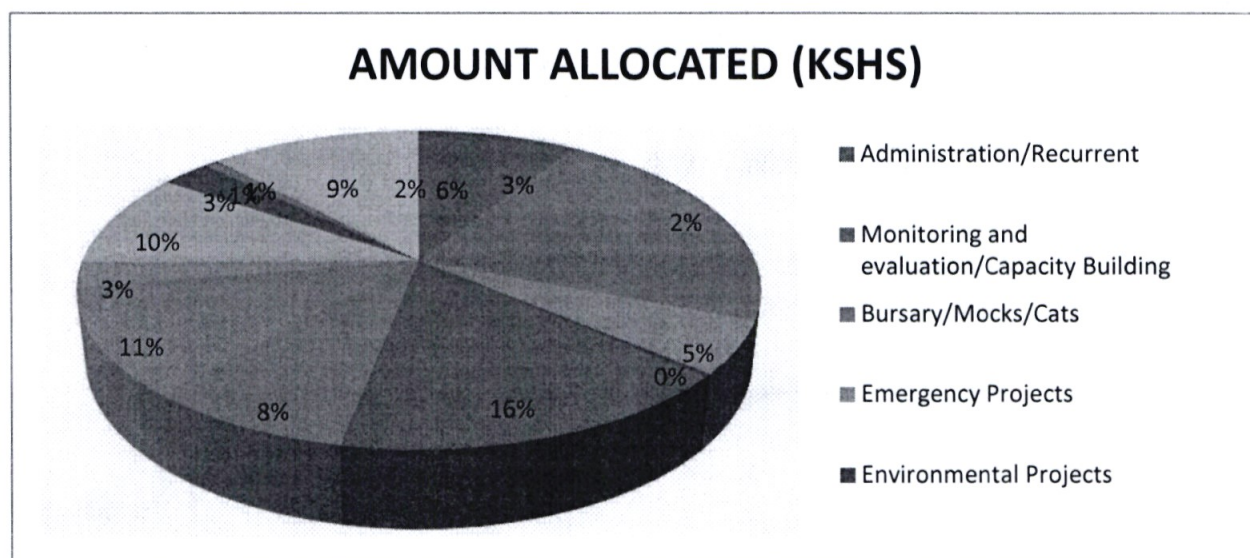
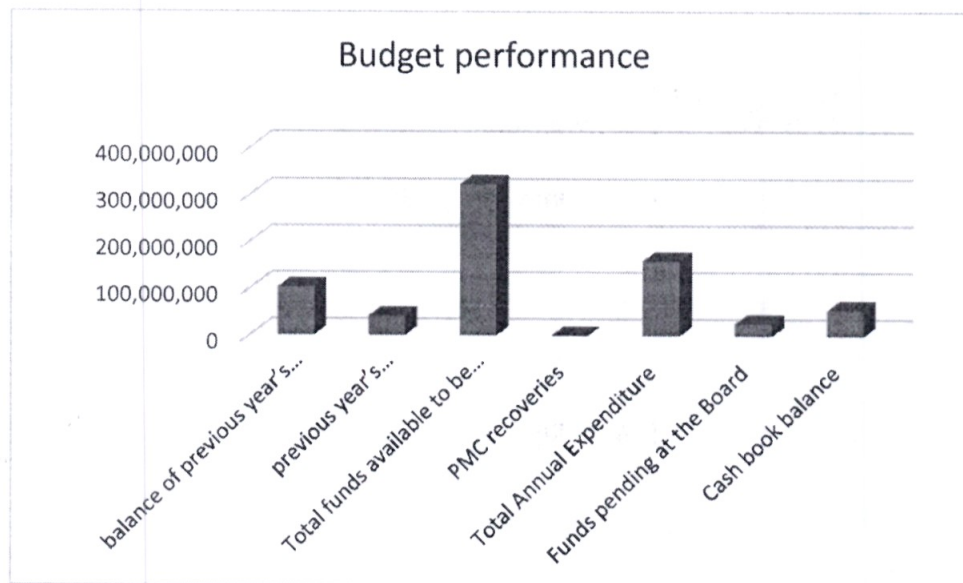


Fig 1: Budget allocation for 2024/2025 per sector

There was a brought forward balance of previous year's funds of Kshs. 102,837,906 and previous year's outstanding disbursement of Kshs. 40,915,315 which led us to have a total of Kshs.323,195,176 as funds available to be spent in the year. We were able to get Kshs. 3,547.128 from PMC recoveries. The budget allocations in comparison with the expenditure are illustrated as per the chart below:

The constituency having had a total of Kshs. 323,195,176 was able to spend a total of Kshs. 191,212,179 which is 59% of the funds allocated. All funds due from Board was sent apart from Kshs. 26,400,000 which is still pending approval and the Constituency is working to provide the required documentation for Board to release the funds which are conditionally approved. The cash book balance at the closure of the year was Kshs. 96,532,996



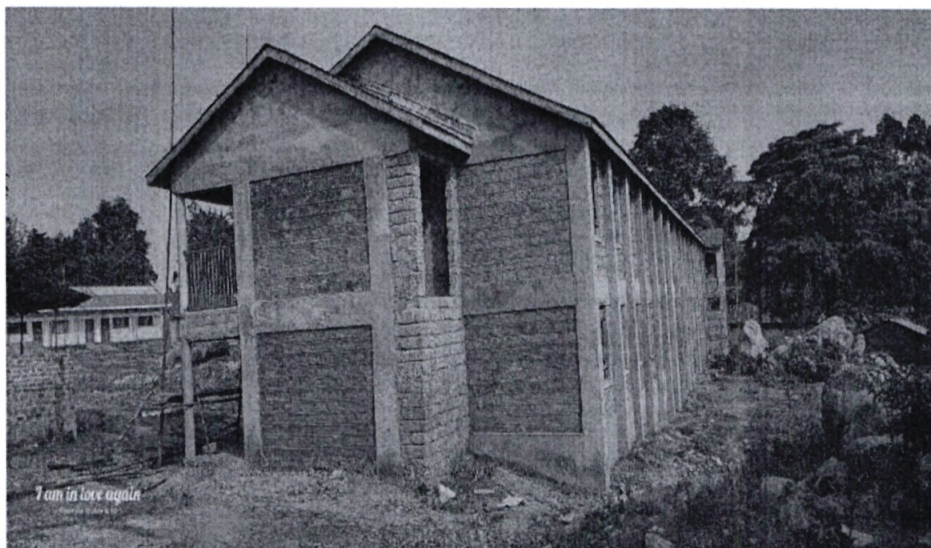
Achievements of the entity

The NG CDF has improved the education sector through disbursement of bursaries to the needy students and construction of learning infrastructures. At the security sector, it has funded for construction of Divisional headquarters and the police post. Other sectors under consideration includes the climate change mitigation programmes where some tree seedlings are set o be planted.

Photos of some of the successfully implemented projects are displayed.



Buhayi Muslim Primary School-Construction of 3no. Classroom.



Muhuni Primary School, Construction of 1 storey of tuition and administration block.

Emerging Issues

- i) Increasing youth population in the constituency
- ii) Empowerment of women and girls
- iii) Advocacy for national polytechnic in the constituency
- iv) Low ICT penetration in the constituency
- v) Better understanding of the roles of NG-CDF in addressing development matters

Challenges

Some of the **Challenges** the Constituency faced during the year include receiving more needy bursary applicants than the available budget, numerous complaints due to insufficiently informed members of the public failing to know what category of projects are fundable by NG-CDF and which are not eligible for funding.

The constituency was not able to implement most of the projects due to delay in disbursement of funds by the exchequer. The only projects which were able to be successfully implemented are issuance of Bursaries to both Secondary and Tertiary Institution learners and Education Projects.

Way forward

The above challenges can be mitigated by Increasing the budget for bursary by making sure the 40% ceiling is fully utilized and increasing the number of community sensitization on the role of NG-CDF through more public participations and capacity building,



.....
Name: Chrispino Ndombi Makokha
Chairman NGCDF Committee



5. Statement of Performance Against Predetermined Objectives for FY2024/25

Introduction

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

The key development objectives of the *NGCDF Navakholo Constituency 2023-2027* plan are to:

1. To increase and equip learning institutions with adequate instructional materials.
2. To raise literacy levels equitably for both males and females.
3. To sensitize the community on the proper use of available resources
4. To sensitize the community and build their capacity to monitor and evaluate projects

Progress on the attainment of Strategic development objectives

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

Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels	In FY 2024/25 - Construction of additional structures in 8 Primary Schools (6 classrooms, , 8 Secondary Schools and purchase of land in 2 Primary Schools and 1 secondary school. All projects ongoing. - Bursary beneficiaries at all levels. Approximately 5,000 beneficiaries for secondary schools,

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				2,200 for tertiary institutions and 22 special categories.
Security	To provide better working environment for security providers in the constituency	A secure constituency	-Number of Police Stations/posts set up -Number of police houses built. -Number of ACC/Chiefs/Ass. Chief's offices built.	-Navakholo Police Division. -Bunyala East ACC -Lusumu Division ACC
Climate change mitigation activities	Improve access to a more sustainable and conserved environment	Improved sanitation facilities in schools Provision of tree seedlings to schools to improve the forest cover	Number of sanitation facilities built in schools Number of trees planted	Planting of Kayaba seedlings in 5 Secondary Schools.
Emergency	Respond to unforeseen emergency situations	Emergency situations responded to	Number of beneficiary institutions	Three schools benefited; Sisokhe Secondary School, Esumeyia Primary School and Matiha Primary School for installation of lightening arrestors

6. Governance Statement

a. (NG-CDFC process of appointment

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

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

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

The current NGCDFC members were gazetted in April 2025.

The persons appointed are drawn from different groupings as follows:

- Male Adult- Chrispino Ndombi Makokha -Chairman
- Male youth – Antony Siminyu- Member
- Female adult—Hellen Nanjakululu-Secretary
- Female youth –Mutebi N. Naomi- Member
- PWD REP- Ann Mwenyekombo--Member
- Co-opted Member—Bilali Akhonya- Member
- Male Adult –Kennedy Ngao Barasa- Member
- Female Adult – Jackline Murunga - Member

b. NG-CDFC Tenure

The term of office of the members of the Constituency Committee shall be two years and shall be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act, or as may be approved by the Board. The NG-CDFC members were gazetted on 6th March 2025 and are to serve for two years effective from the date of gazettelement.

c. The Role of the Constituency Committee

The functions of the constituency committee shall be to-

- i. Build the capacity of project management committees and Committee.
- ii. Sensitize the Community on the operations of the Fund;
- iii. Consider all project proposals from all wards in the Constituency and any other projects which a Constituency Committee considers beneficial to the Constituency;
- iv. Ensure that all proposed projects that are approved for funding meet the requirements of section 24 of the Act;
- v. Ensure that project proposals submitted to the Board include detailed budget proposals, procurement plans and work plans;
- vi. In approving a project and before submitting the project to the Board for consideration, satisfy itself and make a declaration to the effect that such project (works and services) fall within the functions of the National Government under the Constitution; (1) consult

with relevant government departments to ensure that cost estimates for projects are realistic;

- vii. In considering joint projects, ensure that the participating constituencies enter into negotiations for effective implementation of such projects; subject to the provisions of the Act and these Regulations, enter into a memorandum of understanding with collaborating partners, detailing all aspects of funding and implementation, before respective constituencies approve such a project for joint funding;
- viii. Rank projects proposals in order of priority while ensuring that on-going projects take precedence;
- ix. Ensure that all projects receive adequate funding and are completed within three years;
- x. Where a project involves purchase of a parcel of land or a building, ensure that the ownership thereof is duly verified and ownership documents authenticated with relevant government agencies; (l) ensure that projects proposed for funding fulfil the requirements provided in the Act and relevant circulars issued by the Board;
- xi. Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board;
- xii. Ensure that project reports are prepared and submitted to the Board.

d. Removal of a member

As per the act a member may be removed from office on grounds of: lack of integrity, gross misconduct, embezzlement of public funds, bringing the committee to disrepute, promoting unethical practices, causing disharmony within the committee and physical or mental infirmity. Decision to remove a member shall be made through a resolution of at least five members of the committee and the member shall be given a fair hearing before the resolution is made. There hasn't been any removal at Navakholo Constituency.

e. NG-CDFC Induction and training

The NG-CDFC Members shall be inducted upon assumption of office to familiarize them with their functions. A training shall then be conducted for the members in conjunction with other stakeholders of the constituency NG-CDFC including the FAM, DCC and National Sub-county

Accountant to further capacity build the members on all nitty-gritty's of the running of NG-CDF.

f. Number of meetings;

NG-CDF Act Section 43 (11) stipulates that NG-CDFC shall have a maximum of twenty-four meetings per year and not less than twelve including sub-committee meetings.

In Navakholo Constituency, the NG-CDF Committee conducted 8 meetings and 3 sub-committee meetings.

S/no	Name of committee member	Meetings held							
		22/7/24	02/8/24	05/9/24	10/10/24	22/10/24	21/11/24	05/12/24	11/06/25
1	Chripino Ndombi Makokha - Chairman	✓	✓	✓	✓	✓	✓	✓	✓
2	Kennedy Ngao Barasa - Member	✓	✓	✓	✓	✓	✓	✓	✓
3	Bilali Akhonya - Member	✓	✓	✓	✓	✓	✓	✓	✓
4	Antony Siminyu - Member	✓	✓	✓	✓	✓	✓	✓	✓
5	Hellen Nanjakululu - Secretary	✓	✓	✓	✓	✓	✓	✓	✓
6	Jackline Murunga - Member	✓	✓	✓	✓	✓	✓	✓	✓
7	Ann Mwenyekombo - Member	✓	✓	✓	✓	✓	✓	✓	✓
8	Naomi Mutebi - Member	✓	✓	✓	✓	✓	✓	✓	✓
9	Benson Karani - DCC Ex-official	✓	✓	✓	✓	✓	✓	✓	✓
10	Thomas Ontweka - FAM, Officer of the Board	✓	✓	✓	✓	✓	✓	✓	✓

g. Remuneration Rates

Members' allowances for meetings are Kshs. 5,000 each for members and Kshs. 7,000 for the chair person.

h. Disclose the policy on conflict of interest

Before any meeting is conducted, the members shall go through the agenda to be discussed and if any matter of discussion is of interest to any member of the committee, the member is required to declare conflict of interest and be exempted from the meeting or only that particular matter.

i. Succession plan

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

j. Ethics and code of conduct

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

k. Risk Management

The constituency has a risk policy which they observe and are required to maintain a risk register. The Board stipulates below to guide in risk management;

- NG-CDF Board Operational Risk Management Policy
- The NG-CDF Board Risk Appetite Statement
- NG-CDF Board Enterprise Risk Management Police
- NG-CDF Board Risk register Template
- NG-CDF Board Risk Management reporting Template
- Internal Audit Recommendations.

The NG-CDFC shall adhere to the procedures as guided by all the above tools to ensure proper risk management. The FAM shall ensure monthly attestations on the Board's ERM software on monthly basis and submit Risk Management report on quarterly basis. The FAM shall also update the Risk register periodically upon recommendations of various audit reports.

7. Management Discussion and Analysis

Navakholo NG-CDF management would like to provide a detailed analysis of its performance in the various areas of operation and financial as follows;

a) Sector Performance

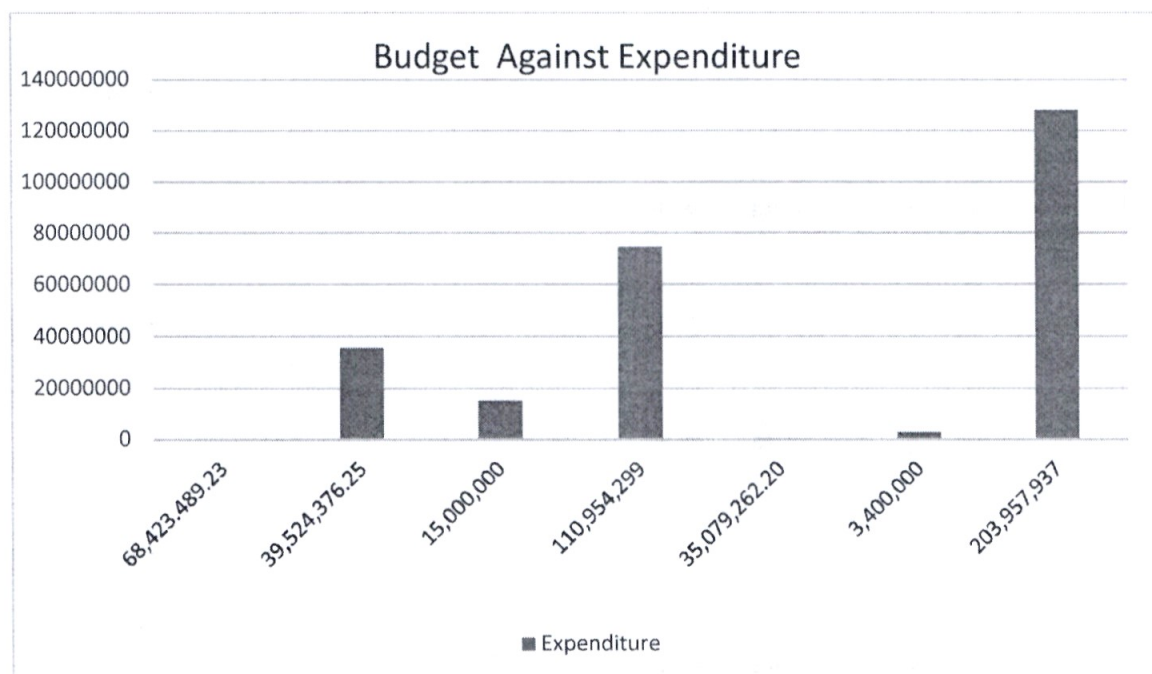
Navakholo NG-CDF has been operational since 2013 but would provide financial analysis for the past two years on how much the entity has received and spend in the various critical sectors being Education and Security.

Financial Year	Allocation	Amount Disbursed
2023-2024	187,583,693	187,583,693
2024-2025	179,441,954	143,991,954
Total	367,025,647	331,575,647

From the above data, Navakholo NG-CDF has been able to receive a total of Ksh 331,575,647, as at 30.06.2025 for the last two financial years. The resources have been utilized to improve the various sectors in terms of infrastructure and provision of bursaries to needy students in secondary and tertiary institutions.

The below table further illustrates the expenditure performance of Navakholo NG-CDF in the past two years;

Financial Year	Sector	Budget	Expenditure
2024-2025	Education-Projects	68,423,489	68,423,489
	Education-Bursary	39,524,376	35,580,483
	Security Projects	15,000,000	15,000,000
2023-2024	Education-Projects	110,954,299	74,632,415
	Education-Bursary	35,079,262	31,329,575
	Security Projects	3,400,000	2,700,000
	Total	272,381,426	227,665,963

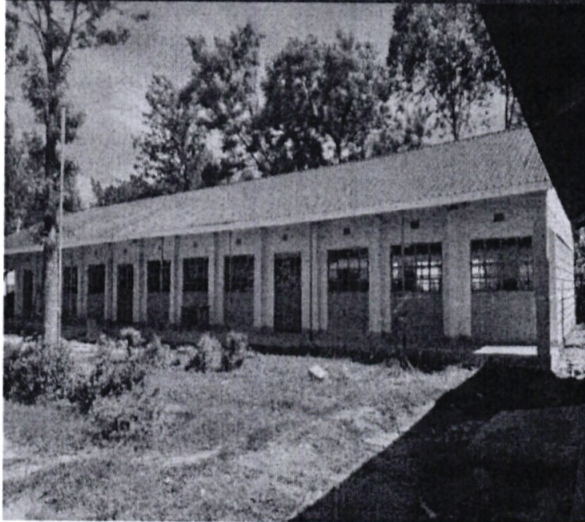


Based on the above information for the last two financial years; the key consumer of the resources is Education sector with an average of 96% of the entire allocation and secondly the security sector with average of 4%. This is an indicator that the Fund has put more efforts in improving the academic standards of Navakholo constituency through both the infrastructure and bursaries to needy students studying in various institutions.

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

b) Key Projects

Navakholo NG-CDF has been able to undertake key projects that will go into improving the infrastructure standards and also providing job opportunities to the residents of the constituency.

PROJECT NAME	ACTIVITY	PHOTO	STATUS
Bunyala East Acc Office	Construction of ACC Office.		Completed
Buhayi Muslim Primary School-	Construction of 3no. Classroom.		Completed

c) Compliance with statutory requirements.

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

Navakholo NG-CDF has been able to equally meet its obligations for instance payment of taxes like VAT withholding tax from contactors, Pay As You Earn Tax and Withholding Tax as required and further commits to operate within the law even to the future.

d) Review of the Economy, Sector and Future Developments

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

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

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

.....
Name: Thomas Ontweka
Fund Account Manager

FUND ACCOUNT MANAGER
NAVAKHOLO NG-CDF

8. Environmental and Sustainability Reporting

Navakholo NG-CDF exists to deliver a strategy which is founded on social sector, namely, Education & Training, Security Sector Support, Climate Change Mitigation, and Digital hubs programmes. This pillar makes special provision for Kenyans with various disabilities and also for marginalized communities.

1. Sustainability strategy and profile -

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

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

2. Environmental performance

The constituency uses Climate Change and Mitigation programme as a guiding policy which articulates how to conserve the environment and its components. It has succeeded in planting over 500 trees and installation of water tanks in various learning institutions but is however faced with the challenge of extended drought. To manage biodiversity, the fund has planted indigenous trees. The constituency has also intensified awareness creation and sensitized the community on the fundable projects by NG-CDF including Climate Change Mitigation which is championed by the Agenda of the government of the day. The NG-CDFC has undertaken public participation to sensitize the youth/Community on the impact of drug abuse.

The constituency has ensured security measures by constructing police posts and Divisional Headquarters.

3. Employee welfare

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

The constituency promotes a healthy lifestyle and provides all employees with health insurance coverage through a reliable insurance Scheme. Employees are encouraged and supported to build on their skills and knowledge continually. Navakholo constituency invests in capacity-building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross-cutting issues.

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

4. Marketplace practices-

Navakholo 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.

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification, Implementation, and Monitoring

Navakholo Constituency deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituents, considering the national development plans and policies and the constituency strategic development plan. The

identified list of priority projects, both immediate and long-term, was submitted to the NGCDF Board in accordance with the Act.

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

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

Public Awareness

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

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



FUND ACCOUNT MANAGER
NAVAKHOLO NG-CDF

.....
Name: Thomas Ontweka
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-Navakholo 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-Navakholo Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Navakholo Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

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



.....
Name: Chrispino Ndombi Makokha
Chairman – NGCDF Committee



.....
Name: Thomas Ontweka
Fund Account Manager

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- 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 – Nakakholo Constituency set out on

Report of the Auditor-General on National Government Constituencies Development Fund – Nakakholo constituency for the year ended 30 June, 2025

pages 1 to 59, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Navakholo Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33 and comply with the Public Finance Management Act, 2012, the National Government Constituencies Development Fund Act, 2015 (Amended 2023) and The National Treasury and Economic Planning Circular No.3/2025 of 14 April, 2025.

Basis for Qualified Opinion

1. Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.96,477,995 as disclosed in Note 13 the financial statements. The balance includes Project Management Committee (PMC) account balances amounting to Kshs.40,645,481 as at 30 June, 2025 in respect to sixty-five (65) bank accounts. However, the bank reconciliation statements, bank statements, cash books and bank confirmation certificates for Kshs.6,905,671 in respect to twenty-two (22) bank accounts were not provided for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.96,477,995 could not be confirmed.

2. Unsupported Bursary Disbursements

The statement of financial performance reflects other grants and transfers amounting to Kshs.66,504,628, which as disclosed in Note 11 to the financial statements includes bursary disbursements to secondary schools of Kshs.16,977,840 and tertiary institutions of Kshs.21,692,330. However, bursaries of Kshs.723,000 and Kshs.871,000 for secondary schools and tertiary institutions respectively, were not supported by acknowledgement slips.

In the circumstances, the regularity, accuracy and completeness of the bursary disbursements amounting to Kshs.1,594,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.323,195,176 and Kshs.287,574,417 respectively, resulting in under-funding of Kshs.35,620,758 or 11% of the approved budget. Similarly, the Fund expended an amount of Kshs.191,096,422 against the budget of Kshs.323,195,176 resulting in under-expenditure of Kshs.132,098,754 or 41% of the approved budget.

The under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, several issues were reported under Report on the Financial Statements, Emphasis of Matter, Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance as detailed in **Appendix I**. However, Management has not resolved the issues or given reasons for the delay in resolving the issues.

Other Information

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Project Implementation Status

During the year under review, the Fund had planned to implement thirty-eight (38) projects at a total cost of Kshs.238,484,742. However, out of these projects fourteen (14) or 37 % costing Kshs.85,850,000 had not started, while seven (7) or 18% of the projects costing Kshs.67,854,000 were ongoing with seventeen (17) or 45 % of the projects costing Kshs.84,780,742 completed.

In the circumstances, value for money was not obtained from the fourteen (14) projects that had not started and seven (7) projects that were ongoing.

2. Delayed Implementation of Projects

2.1 Construction of Dining Hall at St. Kizito Girls Secondary School

Management awarded a local contractor a contract for construction of 600 capacity dining hall at St. Kizito Girls Secondary School Lusumu at a contract sum of Kshs.14,135,550. The contract was expected to be completed by 4 March, 2025, twenty-four (24) weeks after contract execution date of 4 September, 2024. However, review of the project information status and physical verification conducted on 3 September, 2025 showed that

60% works had been certified complete with undone roofing and plaster works, no doors and windows fixed and the contractor was not on site and no evidence of request for contract term extension by the contractor.

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

2.2. Delayed Completion of One-Storey Police Station Block at Navakholo Sub-County Police Headquarters

Management through Navakholo Subcounty Police station PMC entered into a contract with a local contractor on 2 November, 2024 through contract number NG-CDF/NAV/NSPS/027/2023-2024 for the construction of one storey police station block at Navakholo Police Station in Navakholo Constituency at a contract sum of Kshs.18,836,338 with a stipulated completion period of thirty-six (36) weeks from the date of contract signing. As at the time of audit, the contractor had been paid a sum of Kshs.14,221,509 or approximately 76% of the total amount. However, there was no evidence of execution time extension from the contractor and department of public works to justify the delay in completion of the works. Further, field verification carried out on 2 September, 2025 revealed that the project was incomplete with incomplete works that included installation of ramp/stair rails, door fixing, ceiling works, terrazzo flooring, window glazing and painting works as per the bill of quantities.

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

3. Outstanding Tax Arrears Owed to Kenya Revenue Authority

Following a tax audit covering the five-year period from 2014 to 2018, the Fund was assessed to have tax arrears amounting to Kshs.27,609,120 which had not been settled as at 30 June, 2025. Further, the tax liability was not disclosed in the financial statements.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for

Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Internal Audit Reports

During the year under review, the Fund did not maintain internal audit reports contrary to Section 73(1) of the Public Finance Management Act, 2012, which states that every National Government entity shall ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the Fund risks having weak internal controls.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 December, 2025

Appendix I: Unresolved Prior Year Matters

Reference No. of the Auditor-General's Report	Title of Audit Issue
	Report on the Financial Statements
1	Unsupported Project Management Committee Bank Balances
2	Unsupported Bursary Disbursements
	Emphasis of Matter
	Budgetary Control and Performance
	Report on Lawfulness and Effectiveness in the Use of Public Resources
1	Project Implementation Status
2.1	Construction of Classrooms and Staffroom at Musabale Primary School Project
3	Construction of Assistant County Commissioner's Office at Lusumu Division Project
	Report on Effectiveness of Internal Controls, Risk Management and Governance
	Lack of Internal Audit Report

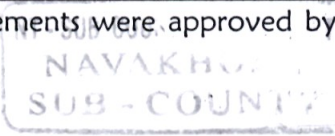
National Government Constituencies Development Fund (NGCDF)
Navakholo Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

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

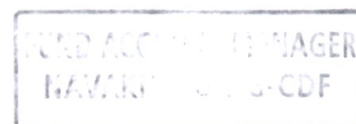
	Note	2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	179,441,954
Total revenue		179,441,954
Expenses		
Employee costs	7	5,658,889
Committee expenses	8	3,611,498
Use of Goods and Services	9	14,562,715
Other Government Units Actual expenditure	10	105,445,720
Other Grants and Transfers Actual expenditure	11	66,504,628
Depreciation and amortization expense	12	1,315,875
Total expenses		197,099,325
Surplus/(Deficit) for the year		(17,657,371)

The Constituency financial statements were approved by the NGCDFC on _____ 2025 and signed by:


 Chairman NG-CDF
 Committee
 Name: Chrispino N.
 Makokha


 National Sub-County
 Accountant
 Name: Roselyne Kolwa
 ICPAK M/No: 14950


 Fund Account Manager
 Name: Thomas Ontweka



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

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

	Note	2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	13	96,477,995	31,442,770
Cash And Cash Equivalents (PMC accounts)	13		71,224,378
Receivables from Non-Exchange Transactions	14	35,450,000	40,915,315
Prepayments	15	65,911	65,916
Total Current Assets		131,993,907	143,648,379
Non-Current Assets			
Property, Plant and Equipment	16	3,931,625	5,167,500
Total Non- Current Assets		3,931,625	5,167,500
Total Assets (A)		135,925,532	148,815,879
Liabilities			
Current Liabilities			
Third Party Deposits	17	5,540,473	-
Gratuity Provision	18	353,400	1,126,850
Total Current Liabilities		5,893,873	1,126,850
Total Liabilities (B)		5,893,873	1,126,850
Net Assets (A-B)		130,031,658	147,689,029
Represented by:		-	
Accumulated Surplus		130,031,658	147,689,029
Total Net Assets		130,031,658	147,689,029

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

The Constituency financial statements set out on pages 1 to 5 approved by NG CDFC on 2025 and signed by:



**Chairman NG-CDF
Committee**
Name: Chrispino N.
Makokha

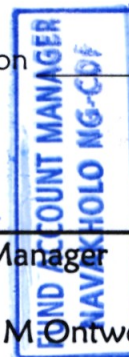


**National Sub-County
Accountant**
Name: CPA Roselyne Kolwa

ICPAK M/No: 14950



Fund Account Manager
Name: Thomas M. Ontweka



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

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

Description	Capital Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
Fund Balance as at 30 th June 2024 (Cash basis)		30,315,920	30,315,920
Adjustments		-	-
Recognition of Assets (Note 26)		117,373,109	117,373,109
Recognition of Liabilities		-	-
As at July 1, 2024		147,689,029	147,689,029
Surplus/(Deficit) For the Year		(17,657,371)	(17,657,371)
Revaluation Gain/Loss		-	-
As at June 30, 2025		130,031,658	130,031,658

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 statement
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.

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

	Notes	2024/2025 Kshs
Cashflows from operating activities		
Receipts		
Transfers from the NGCDF Board	6A	184,907,269
Total Receipts		184,907,269
Payments		
Employee costs	7A	6,432,339
Committee expenses	8	3,611,498
Use of Goods and Services	9A	8,317,875
Other Government Units Certified Works	10A	101,080,442
Other Grants and Transfers	11A	65,329,432
Total Payments		184,771,587
Net Cash Flows from/ (used in) Operating Activities	19	135,682
Cash flows From Investing Activities		
Purchase of PPE	16	(6,324,835)
Net Cash Flows from Investing Activities		(6,324,835)
Net increase/(decrease)in cash & Cash equivalents		(6,189,153)
Cash Flows from Financing Activities		
Lease Payment		-
Net Cash Flows from Financing Activities		-
Net Increase/(Decrease) in Cash & Cash Equivalents		(6,189,153)
Cash and cash equivalents at 1 July 2024	13	102,667,148
Cash and cash equivalents at 30 June 2025	13	96,477,995

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

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c *100
	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	102,837,906	40,915,315	323,195,176	287,574,417	35,620,758	89%
Transfers from domestic and foreign partners	-	-	-	-	-	-	
Finance income	-	-	-	-	-	-	
Miscellaneous income	-	-	-	-	-	-	
Totals	179,441,954	102,847,906	40,915,315	323,195,176	287,574,417	35,620,758	89%
Expenses							
Employee costs	5,885,197	1,568,503	-	7,453,700	6,432,339	1,021,361	86%
Committee expenses	3,476,340	152,506	-	3,628,846	3,611,498	17,348	100%
Use of Goods and Services	8,288,239	1,576,642	-	9,864,881	8,317,875	1,547,006	84%
Other Government Units Certified Works	71,023,489	79,117,107	28,782,282	178,922,878	101,080,442	77,842,436	56%
Other Grants and Transfers	64,468,689	17,136,085	9,633,033	91,237,807	65,329,432	25,908,375	72%
Aquisition of Assets	2,500,000	1,340,000	2,500,000	6,340,000	6,324,835	15,165	100%

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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		
Digital Hubs Expenses	21,000,000	-	-	21,000,000	-	21,000,000	0%
Funds Pending Approval**	2,800,000	1,947,063	-	4,747,063	-	4,747,063	0%
Total Expenditure	179,441,954	102,837,906	40,915,315	323,195,176	191,096,422	132,098,754	59%
Surplus for the period	-	-	-	-	96,477,995	(96,477,995)	

***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.

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

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	132,098,754
Less undisbursed funds receivable from the Board as at 30 th June 2025	(35,620,758)
Cash and Cash Equivalents at the end of the 30 th June 2025	96,477,995

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.
The Constituency financial statements were approved by NG CDFC on _____ 2025 and signed by:

Fund Account Manager

Name: Thomas Ontweka

National Sub-County Accountant

Name: Roselyne Kolwa
ICPAK M/No:14950

Chairman NG-CDF Committee

Name: Chrispino N. Makokha



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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	5,885,197	1,568,503		7,453,701	6,432,339	1,021,361
1.2 Committee allowances	1,326,340	146,706		1,473,046	1,464,638	8,408
1.3 Use of goods and services	5,054,980	769,134		5,824,114	4,639,212	1,184,902
Sub-total	12,266,517	2,484,343	-	14,750,861	12,536,189	2,214,671
2.0 Monitoring and evaluation						
2.1 Capacity building	1,300,000	187,850		1,487,850	1,229,200	258,650
2.2 Committee allowances	2,150,000	5,800		2,155,800	2,146,860	8,940
2.3 Use of goods and services	1,933,259	619,658		2,552,917	2,449,463	103,454
Sub-total	5,383,259	813,308	-	6,196,567	5,825,523	371,044
3.0 Emergency	9,444,313	9,833,785		19,278,098		
3.1 Primary Schools						
Emathia Primary School					2,490,119	
Esumeyi Primary School					2,490,119	
Sisokhe Primary School					2,496,174	
Chekata Primary School		496,586.54	-	496,587	496,000	
RNA Investment					632,200	

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
RNA Investments					632,200	
RNA Investment					654,501	
RNA Investments					654,501	
RNA Investment					845,190	
RNA Investments					845,190	
Unutilized				-		-
Sub-total	9,444,313	10,330,372	-	19,774,685	12,236,194	7,538,491
3.2 Secondary schools						
3.3 Tertiary institutions						
3.4 Security projects						
Sub-total						
4.0 Bursary and Social Security						
4.1 Primary Schools	-	-	-	-	-	-
4.2 Secondary Schools	18,000,000	1,737,365	933,033	20,670,398	16,977,840	3,692,558
4.3 Tertiary Institutions	21,324,376	444,169		21,768,545	21,692,330	76,215
4.4 special needs	200,000	186700		386,700	-	386,700
4.5 Education Support Programmes		-		-		-
4.6 Social Security		2,216,000		2,216,000		2,216,000

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Programme/Sub-programme	Original Budget Kshs	Adjustments		Final Budget Kshs	Actual on comparable basis Kshs	Budget utilization difference Kshs
		Opening Balance (C/Bk) and AIA Kshs	Previous Years Outstanding Disbursements Kshs			
Sub-total	39,524,376	4,584,234	933,033	45,041,643	38,670,170	6,371,473
5.0 Climate Change Mitigation						
5.1 Primary School						
Shianikha Primary	-	25,000	0	25,000	24,750	250
Shipanga Primary	-	25,000	0	25,000	24,750	250
	-	-	0	-	-	-
		-		-		-
5.2 Secondary Schools						
St. Kizito Girls Secondary School Lusumu	100,000	-	0	100,000	-	100,000
Weremba Muslim Secondary school	100,000	-	0	100,000	-	100,000
Bushili Secondary School	100,000	-	0	100,000	-	100,000
Friends School Simuli Secondary	100,000	-	0	100,000	-	100,000
Sisokhe Secondary School	100,000	-	0	100,000	-	100,000
		14,890		14,890		14,890
Sub-total	500,000	64,890	-	564,890	49,500	515,390
6.0 Primary Schools Projects (List all the Projects)						

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Shibembe Primary	-	3,300,000		3,300,000	3,285,235	14,765
Sipanga Primary	-	3,300,000	-	3,300,000	2,778,736	521,264
Buchangu Primary	-	3,300,000	-	3,300,000	3,099,631	200,369
Friends Siyenga Primary	-	3,300,000	-	3,300,000	2,771,664	528,336
Mungakha Primary	-	2,200,000	-	2,200,000	903,306	1,296,694
Bushiri Primary	-	1,930,000	1,300,000	3,230,000	3,026,826	203,174
Shikomari Primary	-	2,000,000	1,300,000	3,300,000	3,218,893	81,107
Musaga Primary	-	3,300,000	-	3,300,000	3,298,571	1,429
Muhuni Primary	4,000,000	5,400,466	-	9,400,466	4,586,224	4,814,242
Mwikoli Primary	-	3,300,000	-	3,300,000	3,293,025	6,975
Buhayi Muslim	-	3,300,000	-	3,300,000	3,298,986	1,014
Kamuli Primary	-	3,300,000	-	3,300,000	3,273,057	26,943
Nanganda Primary	-	2,000,000	1,300,000	3,300,000	3,008,576	291,424
Musabale Primary	-	61,109	3,000,000	3,061,109	3,059,538	1,571
Chebunyi Friends	-	59,026	-	59,026	30,000	29,026
Eshing'oto Primary	-	5,511		5,511	-	5,511
Lutaso Primary	7,000,000	7,000,000		14,000,000	6,439,319	7,560,681
NavakholoJSS	-	2,200,000	-	2,200,000	1,842,241	357,759
Burangasi Primary	-	412,178	-	412,178	350,130	9,046

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Blk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Sivilie Primary	-	2,200,000	-	2,200,000	2,186,732	13,268
Ingotse Primary	-	16,274	-	16,274	-	16,274
Eshiyenga Primary	-	705,000	-	705,000	-	705,000
Lwakhupa Primary	2,000,000	437,196	-	2,437,196	475,042	1,962,154
Mukama Primary	-	406,151	-	406,151	381,783	24,368
Eshikoni Primary	-	2,421	-	2,421	-	2,421
Emasinga Primary	-	1,841	-	1,841	-	1,841
St Longinus Busangavia Primary	-	2,425	-	2,425	-	2,425
Mukama Primary land	-	2,500	-	2,500	-	2,500
Shabithi Primary	-	1,000	-	1,000	-	1,000
Shambitsi primary school	3,300,000	-	-	3,300,000	-	3,300,000
Nderema primary school	7,000,000	-	-	7,000,000	-	7,000,000
Munenga primary school	2,600,000	-	-	2,600,000	-	2,600,000
Mukwa Special Primary School	1,700,000	-	-	1,700,000	-	1,700,000
Busangavia Primary School	3,300,000	-	-	3,300,000	-	3,300,000
Ebumangale Junior school	3,300,000	-	-	3,300,000	-	3,300,000
Budonga JSS	-		2,200,000	2,200,000	2,135,669	64,331
Jobs Junior JSS	-	1,221,883	1,221,883	2,443,766	2,420,364	23,402
Eshilakwe JSS	-	2,200,000		2,200,000	1,171,674	1,028,326

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Burangasi JSS	-	-	2,200,000	2,200,000	1,926,901	273,099
Weremba JSS	-	-	2,200,000	2,200,000	1,556,575	643,425
Ematiha JSS	-	-	2,200,000	2,200,000	2,092,863	107,137
Shinoyi JSS	-	-	2,200,000	2,200,000	936,206	1,263,794
Esumeyi JSS	-	-	2,200,000	2,200,000	2,180,000	20,000
Emulakha Primary	-	2,000,000	1,300,000	3,300,000	2,475,216	824,785
Sub-total	34,200,000	59,035,740	22,621,883	115,857,623	72,474,431	43,383,192
7.0 Secondary Schools Projects (List all the Projects)						
Mukangu Sec	400,000	2,000,000	2,400,000	4,800,000	3,939,807	860,193
St. Kizito Girls Secondary School Lusumu	6,000,000	5,000,000	1,900,000	12,900,000	8,889,294	4,010,706
Sisokhe Secondary School	-	29,000	-	29,000	-	29,000
St. Kizito Girls Secondary School Lusumu	-	54,905	-	54,905	-	54,905
St. Paul Emulakha Sec	-	50,000	-	50,000	-	50,000
Shinoyi Sec	-	12,000	-	12,000	-	12,000
Siyombe Sec	1,400,000	236,107		1,636,107	1,634,301	1,806
Sivilie Sec	7,000,000	7,499,999	-	14,499,999	6,885,362	7,614,637
Chebunyi High		107,502	-	107,502	105,000	2,502
Ingotse High	500,000	4,892,425	-	5,392,425	5,273,425	119,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Namundera Secondary School	1,500,000	-	-	1,500,000	-	1,500,000
Mukangu Secondary School	2,600,000	-	-	2,600,000	-	2,600,000
Sub-total	19,400,000	19,953,670	4,300,000	43,653,670	26,727,189	16,926,481
8.0 Tertiary institutions Projects (List all the Projects)						
KMTC Navakholo PMC		117,932	-	117,932	30,000	87,932
kmtc Navakholo fencing		6,765	-	6,765	-	6,765
KMTC Navakholo Furniture		3,000	-	3,000	-	3,000
KMTC Navakholo Powerhouse	1,873,489	-	1,860,399	3,733,888	1,848,823	1,885,065
KMTC Navakholo Campus Bus	10,800,000	-	-	10,800,000	-	10,800,000
KMTC Navakholo Campus Land	4,750,000	-	-	4,750,000	-	4,750,000
Sub-total	17,423,489	127,698	1,860,399	19,411,586	1,878,823	17,532,762
9.0 Security Projects						
Navakholo Police Station	7,000,000	-	8,000,000	15,000,000	10,172,073	4,827,927
Sivilie Sub-location Asst. Chief Off		1,200,000	-	1,200,000	1,198,000	2,000
Lusumu Div. Police PMC		24,893	700,000	724,893	720,000	4,893
ACC Bunyala East Div	2,000,000	927,961	-	2,927,961	692,770	2,235,191
Lusumu Div ACC Office Land		3,000	-	3,000	-	3,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Lusumu Div ACC Office	2,000,000	735		2,000,735	1,590,725	410,010
Nang'anda Assistant County Commissioner's office	2,500,000	-	-	2,500,000	-	2,500,000
Eshilakwe Assistant County Commissioner's Office	1,500,000	-	-	1,500,000	-	1,500,000
Sub-total	15,000,000	2,156,589	8,700,000	25,856,589	14,373,569	11,483,021
10.0 Acquisition of assets						
10.1 Motor Vehicles (including motorbikes)		10,000	-	10,000	-	10,000
10.2 Purchase of furniture and fittings		-		-	-	-
10.2 Construction of CDF office	2,500,000	1,000,000.00	2,500,000	6,000,000	5,995,335	4,665
10.4 Purchase of Car Shade		250,000.00		250,000	249,500	500
10.5 Purchase of Printer		80,000.00	-	80,000	80,000	-
Sub-total	2,500,000	1,340,000	2,500,000	6,340,000	6,324,835	15,165
11.0 Digital Hubs						
<i>(Itemize as per the code list)</i>						
Sub total						
12.0 Others						

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/BK) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
12.1 Bukhubalo Village	2,500,000	-	-	2,500,000	-	2,500,000
12.2 Ematiha Village	2,500,000	-	-	2,500,000	-	2,500,000
12.3 Navakholo Sub County Huduma Centre	16,000,000	-	-	16,000,000	-	16,000,000
12.4 Navakholo NG-CDF Strategic Plan			-	-		-
Sub total	21,000,000	-	-	21,000,000	-	21,000,000
13.0 Funds pending approval** unapproved projects		-		-		-
Navakholo sports Academy	2,800,000			2,800,000	-	2,800,000
Funds from PMC	-	1,828,063		1,828,063	-	1,828,063
AiA		119,000		119,000	-	119,000
Sub-total	2,800,000	1,947,063	-	4,747,063	-	4,747,063
Total	179,441,954	102,837,906	40,915,315	323,195,176	191,096,422	132,098,754

17. Notes to the Financial Statements

1. General information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NG-CDF Act 2015 (amended 2023). The NG-CDF is wholly owned by the Government of Kenya and is domiciled in Kenya. The NG-CDF Navakholo Constituency principal activity is to promote socio-economic development at the constituency level and reduce poverty.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the NG-CDF's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The NG-CDF Navakholo has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach. Accordingly, this is the first transitional financial statement.

The NG-CDF Navakholo has recognized all financial assets, including cash and cash equivalents held in the operational account, deposit account, and PMC bank accounts; receivables (amounts due from the Board and other parties).

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

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

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

3. Adoption of New and Revised Standards

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.

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

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

and Equipment	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. <i>Not applicable</i>
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. <i>Not applicable</i>
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial

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	statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>Not applicable</i>
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> 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. <i>Not applicable</i>
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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. <i>Not applicable</i>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>Not applicable</i>

ii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget was approved by Parliament on 8th June 2024 for the period 1st July 2024 to 30th June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

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

c) Property, plant and equipment

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

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Fund*. 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 *Fund* 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 *Fund* 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 *Fund*. 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 Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

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 *Fund*.

h) Provisions

Provisions are recognized when the *Fund* 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 *Fund* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

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

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

l) Employee benefits

Retirement benefit plans

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

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 *Fund* 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 *Fund*, 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 *Fund'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
Total	179,441,954

6A. Actual Reciept from the Board

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Description	2024/2025
	Kshs
Owing from the NGCDFB	40,915,315
NGCDFB Transfers (current year allocation)	143,991,954
Total	184,907,269

7. Employees cost

	2024/2025
	Kshs
NG-CDFC Basic staff salaries	3,036,587
House Allowance	1,182,500
Leave allowance	90,000
Gratuity to contractual employees	873,569
Employer Contributions Compulsory national social security schemes	417,193
Employer Contributions Compulsory Housing levy	59,040
Total	5,658,889

7A. Actual Employee Cost

	2024/2025
	Kshs
NG-CDFC Basic staff salaries	3,036,587
House Allowance	1,182,500
Leave allowance	90,000
Gratuity to contractual employees	1,647,019
Employer Contributions Compulsory national social security schemes	417,193
Employer Contributions Compulsory Housing levy	59,040
Total	6,432,339

8. Committee Expenses

	2024/2025
	Kshs
Sitting allowance	3,431,000
Other Committee expenses	180,498
Total	3,611,498

9. Use of Goods and services

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	2024/2025
	Kshs
Utilities, supplies and services	93,455
Communication, supplies and services	271,110
Domestic travel and subsistence	657,550
Training expenses	1,229,200
Hospitality supplies and services	1,041,030
Insurance costs	273,385
Specialized materials and services	5,000
Office and general supplies and services	1,649,730
Fuel, oil & lubricants	807,877
Bank charges	4,715
Routine maintenance – vehicles and other transport equipment	508,828
Strategic plan expenses	1,470,000
Other operating expenses	306,000
Total	8,317,879

9 A. Actual Use of Goods and Services

	2024/2025
	Kshs
Utilities, supplies and services	93,455
Communication, supplies and services	271,110
Domestic travel and subsistence	657,550
Training expenses	1,229,200
Hospitality supplies and services	1,041,030
Insurance costs	273,380
Specialized materials and services	5,000
Office and general supplies and services	1,649,730
Fuel, oil & lubricants	807,877
Bank charges	4,715
Routine maintenance – vehicles and other transport equipment	508,828
Strategic plan expenses	1,470,000
Other operating expenses	306,000
Total	8,317,875

10. Other Government Units Actual expenditure

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Description	2024/2025
	Kshs
Primary Schools Actual expenditure	75,883,591
Secondary Schools Actual expenditure	27,683,306
Tertiary Institutions Actual expenditure	1,878,823
Total	105,445,720

10A. Actual Government Units Certified works

Description	2024/2025
	Kshs
Primary Schools Actual expenditure	72,474,431
Secondary Schools Actual expenditure	26,727,189
Tertiary Institutions Actual expenditure	1,878,823
Total	101,080,442

11. Other Grants and transfers Actual expenditure

	2025
	Kshs
Bursary – secondary schools	16,977,840
Bursary – tertiary institutions	21,692,330
Security projects Actual expenditure	15,548,765
Climate change mitigation projects	49,500
Emergency projects Actual expenditure	12,236,194
Total	66,504,628

11 .A Actual Other Grants and Other transfers

	2025
	Kshs
Bursary – secondary schools	16,977,840
Bursary – tertiary institutions	21,692,330
Security projects Actual expenditure	14,373,569
Climate change mitigation projects	49,500
Emergency projects Actual expenditure	12,236,194
Total	65,329,432

12. Depreciation and Amortization Expenses

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Description	2025
	Kshs
Property Plant and Equipment	1,315,875
Total	1,315,875

13. Cash and Cash Equivalents

Name Of Bank and Account No.	2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
Navakholo NG CDF Account No. 0500279912889. Equity Bank Kakamega Branch(Operational account)	55,534,115	30,315,920
Navakholo NGCDF, Account No.0500285390784(deposit account)	353,400	1,126,850
Name of Bank, account No. (PMC accounts)	40,590,479	71,224,378
Total	96,477,994	102,667,148

14. Receivables from Non-Exchange Transactions

Description	2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	35,450,000		40,915,315	
Total	35,450,000		40,915,315	
Ageing Analysis- Receivables from non-exchange transactions	2024/2025	% of the total	Opening Balance	% of the total
Less than 1 year	35,450,000	100%	-	%
Between 1-2 years	-	%	40,915,315	100%
Total	35,450,000	100%	40,915,315	100%

15. Prepayments

Description	2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Prepaid Insurance	65,911	65,916
Total	65,911	65,916

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16. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation Rate(specify)		2%	25%	12.5%	30%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	-	6,890,000	-	-	-	-	6,890,000
Additions	-	-	-	-	80,000	-	6,244,836	6,324,836
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	6,890,000	-	80,000	-	6,244,836	13,214,836
Depreciation And Impairment								
Opening Depreciation		-	1,722,500	-	-	-		1,722,500
Depreciation	-	-	1,291,875	-	24,000	-	-	1,315,875
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At 30 th June 2025		-	3,014,375	-	24,000	-	-	3,038,375
Net Book Values		-						
Opening Bal as at 1 st July 2024	-	-	5,167,500	-	-	-	-	5,167,500
As At 30 th June 2025	-	-	3,875,625	-	56,000	-	6,244,836	10,176,461
	-	-	-	-	-	-	-	-

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Valuation

Land and buildings/ Equipment (be specific) were valued by in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30th June 2020). These amounts were adopted on 30 June 2025.

22 b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	6,890,000	1,722,500	5,167,500
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
Total	6,890,000	1,722,500	5,167,500

17. Third-Party deposits

	2024/2025	2023/2024
	Kshs	Kshs
Retention as at 1 st July (A)	1,186,763	-
Retention held during the year (B)	10,933,512	1,186,763
Retention paid during the Year (C)	6,579,802	-
Closing Retention as at 30th June D= A+B-C	5,540,473	1,186,763

Retentions aging analysis.

	2025	% of the total	2024	% of the total
Less than 1 year	5,540,473	100%	1,186,763	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	5,540,473	100%	1,186,763	100%

18. Gratuity Provision

Description	2024/2025	2023/2024
	Kshs	Kshs
Gratuity at the beginning of the year 1 st of July	1,126,850	-
Gratuity held during the year	873,569	1,126,850
Gratuity paid during the year	1,647,019	-
Total Gratuity Provision 30th June (A+B-C)	353,400	1,126,850

19. Cash Generated from Operations

	2025
	Kshs
Surplus/Deficit for the year	(12,037,019)
Adjusted for:	
Depreciation	1,940,395
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase/decrease in receivables	5,465,315
Changes in Third party deposits	5,540,473
Increase/decrease in payables	(773,450)
Net cash flow from operating activities	135,682

20. Financial Risk Management

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

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to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

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

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	35,450,000	35,450,000	-	-
Bank balances	96,532,996	96,532,996	-	-
Total	131,982,996	131,982,996	-	-
As at 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	40,915,315	40,915,315	-	-
Bank balances	102,667,148	102,667,148	-	-
Total	143,582,463	143,582,463	-	-

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from 1st July 2024. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	5,540,473	5,540,473
Deferred income	-	-	-	-
Gratuity Provision	-	-	353,400	353,400
Total	-	-	5,893,873	5,893,873
As at 30th June 2024	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	1,126,850	1,126,850
Total	-	-	1,126,850	1,126,850

iii) Market risk

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

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2025

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

Foreign currency sensitivity analysis

2025

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

Financial Risk Management

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

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2025			
Euro	10%	-	-
USD	10%	-	-
2024			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund'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 Fund's deposits.

Management of interest rate risk

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

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 Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

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

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets	-	-	-	-
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
Total	-	-	-	-
As at 30th June 2024				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
Total	-	-	-	-

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

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iv) Capital Risk Management

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

Description	2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	130,086,659	147,689,029
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	130,086,659	147,689,029
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	-	-

21. Related Party Disclosures

	2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	1,248,000	1,248,000
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	184,907,269	201,755,981
Total	186,155,269	201,755,981

22. Segment Information

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

23. Events after the Reporting Period

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

24. Ultimate And Holding Entity

The Navakholo 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.

25. Currency

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

26. Recognition of Assets As At 30th June, 2025

	Note	2025	Opening Statement 1st July 2024
		Kshs	Kshs
Non-Current Assets			
Property, Plant and Equipment		3,931,625	5,167,500
Total Non- Current Assets		3,931,625	5,167,500
Current Assets			
Cash And Cash Equivalents (PMC accounts)		40,590,479	71,224,378
Receivables from Non-Exchange Transactions		35,450,000	40,915,315
Prepayments		65,911	65,916
Total Current Assets		76,106,390	112,205,609
Total Assets		80,038,015	117,373,109

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8. 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				
NG-CDF Land	850,000	-	-	850,000
Buildings and structures				
NG-CDF Building	13,951,625	6,244,836	-	20,196,461
Transport equipment				
Motorvehicle	6,900,000	-	-	6,900,000
Motorcycle	245,000	-	-	245,000
Motorcycle	245,000	-	-	245,000
Office equipment, furniture, and fittings				
Executive Desk with Extension	68,135	-	-	68,135
Executive High Black Leatherette Chair	42,534	-	-	42,534
Executive visitors Leatherette Chair	60,628	-	-	60,628
Conference Table	22,326	-	-	22,326
High Black Leatherette Chair	232,000	-	-	232,000

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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
Visitors Fabric Chair	11,331	-	-	11,331
Work Station - Panel Legged	47,335	-	-	47,335
Work Station - Panel Legged	86,065	-	-	86,065
High Back Fabric Chair - Nylon Arms/Nylon Base	40,046	-	-	40,046
4 Drawer Steel Cabinets	19,211	-	-	19,211
Executive Desk with Extension	68,135	-	-	68,135
Executive High Back Leatherette Chair	42,534	-	-	42,534
Executive visitors Leatherette Chair	60,628	-	-	60,628
Visitors Fabric Chair	45,324	-	-	45,324
6 Ft.3 Shelf Steel Cupboard	305,000	-	-	305,000
Work Station - Panel Legged	47,335	-	-	47,335
Receptionist Desk with Drawers and raised	78,893	-	-	78,893
Medium Back Fabric Chair- Nylon Arms/base	12,107	-	-	12,107
Waiting Chair - 4 seater with Arms.	37,098	-	-	37,098
Work Station - Panel Legged	47,335	-	-	47,335
High Back Fabric Chair - Nylon Arms/Nylon Base	16,446	-	-	16,446

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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
Executive Desk with Extension	68,135	-	-	68,135
4 Drawer Steel Cabinets	19,211	-	-	19,211
4 Drawer Steel Cabinets	19,211	-	-	19,211
Ft.3 shelf Steel Cupboard	305,000	-	-	305,000
ICT Equipment and Other ICT Assets				
Desk top Computer - Hp - NGCDF Board	-	-	-	-
Monitor - HP L1710 - NGCDF Board	-	-	-	-
Printer - Hp Laserjet - NGCDF Board	-	-	-	-
Scan Jet HP 5590 - NGCDF Board	-	-	-	-
Desktop computers HPG40 Core15, 2.3GHZ 18.5" TFT MONITOR	98,250	-	-	98,250
Hp laptop core 15 2.5ghz	105,000	-	-	105,000
Hp laser jet printer m452nw	64,000	-	-	64,000
Photocopier kyocera taskalfa 300i	265,000	-	-	265,000
Apc universal power saver	21,000	-	-	21,000
Nixon digital camera 20.1 mega pixels a100	32,000	-	-	32,000
Ict hub (vsat,routter, digital access kit & wifi)	1,169,257	-	-	1,169,257

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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
Kyocera Ecosys M3550idn Printer	-	80,000	-	80,000
Other Machinery and Equipment				
Ramtones water dispenser (hot & normal)	32,500	-	-	32,500
Nikon camera	140,000	-	-	140,000
Intangible assets	-	-	-	-
Total	25,920,635	6,324,836	-	32,245,471

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

PMC	Bank	Account number	Bank Balance 2025	Bank Balance 2024
SIYENGA PRIMARY PMC	Equity Bank	0500285422685	528,336	2,000,000
ST RAPHAEL SHIBEMBE PRIMARY SCHOOL PMC	Equity Bank	0500285356265	14,765	2,000,000
SIPANGA PRIMARY SCHOOL	Equity Bank	0500285416378	521,764	2,000,000
ST MICHAEL BUCHANGU PRIMARY PMC	Equity Bank	0500285371175	200,369	2,000,000
MUNGAKHA JUNIOR SECONDARY SCHOOL PMC	Equity Bank	0500285361619	1,296,694	2,200,000
SHIKOMARI PRIMARY SCHOOL	Equity Bank	0500285374906	1,107	2,000,000
NANGA'NDA PRIMARY	Equity Bank	500285416382	291,424	2,200,000
MUSAGA PRIMARY SCHOOL	Equity Bank	0500285374541	1,429	2,000,000
MUHUNI PRIMARY SCHOOL	Equity Bank	0500284177215	2,814,242	5,400,466
BUHAYI MUSLIM PRIMARY	Equity Bank	0500285374660	1,014	2,000,000
EMULAKHA PRIMARY SCHOOL	Equity Bank	0500285422825	773,939	2,000,000
MWIKOLI PRIMARY SCHOOL	Equity Bank	0500285358731	6,974.93	2,000,000
CHEBUYUSI FRIENDS PRIMARY	Equity Bank	0500284334520	29,026	59,026
BUSHILI PRIMARY SCHOOL	Equity Bank	0500285373961	40,070	1,930,000
ESHING'OTO PRIMARY	Equity Bank	0500284346787	5,511	5,511
KAMULI PRIMARY SCHOOL	Equity Bank	0500285425092	26,893	2,000,000

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PMC	Bank	Account number	Bank Balance 2025	Bank Balance 2024
LUTASO PRIMARY SCHOOL	Equity Bank	0500285423362	3,560,681	7,000,000
BUDONGA JUNIOR SECONDARY	Equity Bank	0680285432826	64,331	0
NAVAKHOLO JUNIOR SECONDARY SCHOOL	Equity Bank	0500285424464	357,759	2,200,000
ESHILAKWE JUNIOR SECONDARY SCHOOL	Equity Bank	0500285358562	349,728	2,200,000
JOBS JUNIOR SECONDARY SCHOOL	Equity Bank	0500285427387	23,402	1,221,883
WEREMBA MUSLIM JUNIOR SECONDARY	Equity Bank	0500285374595	643,425	0
BURANGASI PRIMARY	Equity Bank	500285416398	63,198	412,178
SIVILIE PRIMARY SCHOOL	Equity Bank	0500285423767	13,268	2,200,000
INGOTSE PRIMARY SCHOOL	Equity Bank	0500284326843	16,274	16,274
ESHIYENGA PRIMARY SCHOOL LAND	Equity Bank	0500284676899	705,000	705,000
LWAKHUPA PRIMARY	Equity Bank	500285416402	1,962,154	437,196
MUKAMA PRIMARY SCHOOL	Equity Bank	0500282088117	24,368	406,151
ESHIKHONI PRIMARY SCHOOL	Equity Bank	0500284347034	2,421	2,421
EMASINGA PRIMARY SCHOOL	Equity Bank	0500284348551	1,841	1,841
MUSABALE PRIMARY SCHOOL	Equity Bank	0500283857842	1,571	61,109
ST LONGINUS BUSANGAVIA PRIMARY SCHOOL	Equity Bank	0500284671780	2,425	2,425
EMATIHA JSS	Equity Bank	0500286005957	107,137.20	0
SHINOYI JSS	Equity Bank	0500285989438	1,263,794	0
ESUMEYIA JSS	Equity Bank	0500285419841	20,000	0

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PMC	Bank	Account number	Bank Balance 2025	Bank Balance 2024
SHAMBITHI PRIMARY SCHOOL	Equity Bank	500285416411	1,000	1,000
MUKAMA PRIMARY SCHOOL LAND	Equity Bank	500285416412	2,500	2,500
BURANGASI JSS	Equity Bank	0500286079603	273,099	0
SHAMBITHI PRIMARY SCHOOL	Equity Bank	0500286529675	1,300,000	0
MUKWA SPECIAL PRIMARY	Equity Bank	0500286538283	1,700,000	0
BUSANGAVIA PRIMARY	Equity Bank	0500286529645	1,300,000	0
NDEREMA PRIMARY	KCB Bank	1341344444	2,650,000	0
SIYOMBE SECONDARY SCHOOL	Equity Bank	0500284328834	1,806	235,107
SIVILIE SECONDARY SCHOOL	Equity Bank	0500285365512	2,614,637	7,499,999
CHEBUYUSI HIGH SCHOOL	Equity Bank	0500281991516	2,502	107,502
ST KIZITO GIRLS SECONDARY SCHOOL	Equity Bank	0500285405193	10,706	5,000,000
MUKANGU SECONDARYSCHOOL PMC	Equity Bank	0500285377217	160,193	2,000,000
INGOTSE HIGH SCHOOL PMC	Equity Bank	0500285358212	0	4,892,425
NAMUNDERA SECONDARY	KCB Bank	1342001648	500,000	0
MUKANGU SECONDARYSCHOOL PMC	Equity Bank	0500286529573	2,600,000	0
KMTC NAVAKHOLO PMC	Equity Bank	0500278890964	87,932	117,932
KMTC NAVAKHOLO CAMPUS FENCING	Equity Bank	0500284550296	6,765	6,765
KMTC FURNITURE	Equity Bank	0500278890964		3000
KMTC POWER	Equity Bank	0500277348267	11,576	0

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PMC	Bank	Account number	Bank Balance 2025	Bank Balance 2024
KMTC NAVAKHOLO PMC LAND	Equity Bank	0500286534770	4,750,000	0
NAVAKHOLO POLICE STATION	Equity Bank	0500285411747	3,827,927	0
SIVILIE SUB-LOCATION ASSISTANT CHIEF OFFICE	Equity Bank	0500285426813	2,000	1,200,000
LUSUMU DIVISION POLICE PMC	Equity Bank	0500284377520	4893	24,893
ACC BUNYALA EAST DIVISION OFFICE	Equity Bank	0500284331470	2,235,191	927,961
LUSUMU DIVISION ACC OFFICE LAND	Equity Bank	0500284341503	3,000	3,000
LUSUMU DIV ACC OFFICE	Equity Bank	0500284512390	410,010	735
EMATTIHA PRIMARY SCHOOL	Equity Bank	0500285653301	10,881	0
ESUMEYIA PRIMARY SCHOOL	Equity Bank	0500285652916	10,881	0
SISOKHE SECONDARY SCHOOL	Equity Bank	0500285668709	3,826	0
CHEKATA PRIMARY SCHOOL	Equity Bank	0500284676645	587	496,587
Total			40,590,479	71,224,378

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Annex 3: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
OAG/WRO/NGCDF- NAVAKHOLO/2022/2023/26	Unsupported Project Management Committee Bank Balances The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs. 11,227,038 which does not include Project Management Committees (PMC) bank balance of Kshs.9,883,336. In addition, Annex 5 to the financial statements reflects one hundred and thirteen (113) PMC bank accounts with balances totalling Kshs. 9,883,336. Included are balances totalling, Kshs. 1,394,330 held in sixty (60) bank accounts brought forward which had no movements during the year. Further, monthly bank reconciliation statements, certificates, expenditure returns, projects, implementation status reports and bank statements for one hundred and one (101) bank accounts were not provided for audit.	They were submitted to auditor for verification	Unresolved	

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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)
	In the circumstances, the accuracy and completeness of the PMC bank balance of Kshs. 9,883,336 could not be confirmed.			
	27. Unsupported Bursary Disbursements The statement of receipts and payments and as disclosed in Note 8 to the financial statements, reflects other grants and other transfers amounts of Kshs. 42,030,219, which includes bursary totalling Kshs. 35,181,217 for secondary schools, tertiary institutions and special schools. However, acknowledgements by beneficiary institutions for bursary totalling Kshs. 263,300 were not provided were not confirmed. In the circumstances, the accuracy and regularity of bursary expenditure of Kshs. 263,300 could not be confirmed.	The bursary acknowledgements were submitted to the auditor for verification	Unresolved	
	Budgetary Control and Performance The summary statement of appropriation reflects final receipts final receipts budget and actual on comparable basis of Kshs. 159,634,163 and Kshs. 104,546,560 respectively, resulting to an under-funding of Kshs. 55,087,603 or 35% of the	The underfunding was due to delayed disbursements	Unresolved	

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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)
	budget. However, the Fund spent a balance of Kshs. 93,638,822 against actual receipts of Kshs. 104,546,560 resulting to an under-utilization of Kshs. 10,907,738 or 10% of the actual receipts. The under-funding and underutilization affected the planned activities and may have impacted negatively to the public.			
	Other Matter Unresolved Prior Year Audit Matters The audit report for the previous year highlighted several issues on the Reports on Financial Statements, Lawfulness and effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. However, Management's report on the progress made in resolving the issues, at Annex 6 of other important disclosures indicates that issues relating to the financial statements had not been resolved as at 30 June, 2023. No explanation was provided on failure to important recommendations.	Prior year audit matters are yet to tabled to Decentralized Funds Accounts Committee	Unresolved	
	Project Implementation Status	The ongoing projects and	Unresolved	

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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)
	During the year under review, the Fund had planned to implement forty-six (46) project at a total cost of Kshs. 136,238,199. However, seventeen (17) or 37% of the projects with a total cost of Kshs. 53,983,531 were completed, six (6) or 13% of the projects with a total cost of Kshs. 20,708,400 were on-going and twenty-three (23) or 50% of the projects with a cost of Kshs 61,546,188 had not been started as at 30 June. 2023. In the circumstances, value for money obtained from the six (6) on-going projects and the twenty -three (23) projects that had not started could not be confirmed.	unfunded projects was due to late disbursements of funds from the NGCDF Board		

.....
 Thomas Ontweka
 Fund Account Manager.

FUND ACCOUNT MANAGER
NAVAKHOLO NG-CDF