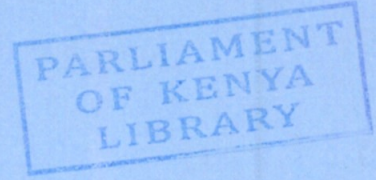
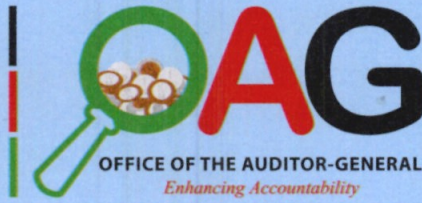


REPUBLIC OF KENYA



REPORT

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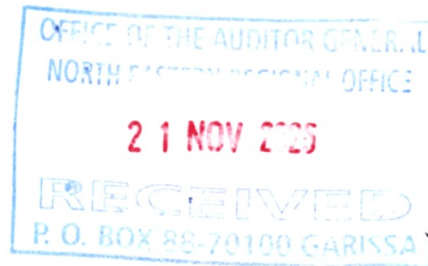
THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MANDERA EAST 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 leaders of Majority
CLERK-AT-THE-TABLE:	Lorale



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

MANDERA EAST CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025

Transitional IPSAS Financial Statements

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Constituency Information and Management

(a) Background information

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

Mandate

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

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

*National Government Constituencies Development Fund (NGCDF)
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Functions of NG-CDF Committee

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

(b) Key Management

The NGCDF Mandera East 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	Hussein Diriye Jimale
2.	National Sub-County Accountant	Yunis Ali Dakat
3.	Chairman NGCDFC	Mohamednoor Abdi Adan
4.	Member NGCDFC	Halima Adan Alio
5.	Member NG CDFC	Amina Mohamud Abdullahi

(c) Fiduciary Oversight Arrangements

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

P.O. Box 197-70300
Mandera East NGCDF Building
Survey of Kenya, Compound
Nairobi, KENYA

(e) NGCDF Mandera East Constituency Contacts

Telephone: (254) 721111528
E-mail: cdfmanderaeast@ngcdf.go.ke
Website: www.ngcdfmanderaeast.go.ke

(f) NGCDF Mandera East Constituency Bankers

1. Bank A. (Operations Account).
Equity Bank Limited
Mandera Branch
P.O. Box 536-70300
Mandera, KENYA

2) Bank B. (Deposit account).
Equity Bank Limited
Mandera Branch
P.O. Box 536-70300
Mandera, KENYA

3) Bank C. (PMC Accounts)
Equity Bank Limited (Various)
Mandera Branch
P.O. Box 536-70300
Mandera, KENYA





(g) Independent Auditor

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

(h) Principal Legal Adviser

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



3. NGCDF Committee

Name	Details
 <i>Mr. Mohamednoor Abdi Adan</i>	<p>Born in 1994, Mohamednoor holds a Bachelor's degree in Development Studies and is currently pursuing a Master's in Business Administration. He has over six years of experience in program leadership, stakeholder engagement, policy advocacy, and monitoring and evaluation. Mr. Abdi is serving his second term as Chairperson of the NG-CDFC.</p>
 <i>Ms. Halima Adan Alio</i>	<p>Born in 2000, Halima Adan is a dedicated professional known for contributing actionable ideas and insights within her area of work. She currently serves as the Committee Secretary, where her responsibilities include taking minutes during meetings, managing correspondence, preparing memos, overseeing the maintenance of filing systems in NG-CDF Mandera East. Halima has over 5 of experience. She has also undertaken various trainings on NG-CDF-related matters since 2022. Halima holds a Diploma in ICT and currently undertaking higher national diploma in ICT.</p>
 <i>Ms. Halima Abdullahi Hassan</i>	<p>Halima was born in Mandera County in the year 1992 and started her early primary education where she her KCPE and KCSE in 2009 and 2013 respectively. Mrs Halima a certificate in I.T and has in entrepreneurship for 3 years now. Halima is serving the committee in her first term.</p>
 <i>Mr. Hussein Diriye Jimale</i>	<p>Hussein Diriye serves as the Fund Account Manager, bringing a wealth of expertise and professionalism to the constituency. Born in 1989, he holds a Master of Business Administration (Finance) and a Bachelor's degree in Economics. In addition, he is a Certified Public Accountant (CPA) and a Certified Secretary (C.S). He has over 12 years of solid experience spanning both the public and private sectors, in Kenya and internationally.</p>

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	<p>Sahara, born in Mandera Township in 2001, completed her Kenya Certificate of Primary Education (KCPE) in 2018 before joining Kamor Secondary School, where she successfully attained her secondary education. She later ventured into entrepreneurship, gaining over four years of valuable experience. Currently serving her second term as an NG-CDF Committee Member, Sahara has undertaken numerous trainings on NG-CDF-related matters, enhancing her knowledge and capacity in the field</p>
	<p>Adan was born in 1978 and completed his O-Level education. He has served as a Field Coordinator in the humanitarian sector, where he was responsible for overseeing and managing all field-level activities of a humanitarian organization for over 10 years.. His role encompassed coordinating programs, supervising staff, ensuring compliance with organizational policies and procedures, and representing the organization to local authorities and other stakeholders</p>
	<p>Born in 1958, Mr. Ali completed his primary Education and later joined higher learning in Islamic madarasa where he became special teacher in the Madarasa school for over 30 years. Mr. Ali is well known for passion in the Education sector and Peace-maker in entire Mandera County.</p>
	<p>Born in 1975, Solomon holds Master of Business Administration (strategic management) .Mr Solomon served as District officer III, District officer II, Senior District officer I and ending up as the current Senior Deputy county commissioner in Mandera East. Mr. Solomon has over 20 years of experience in public administration and coordination of national government functions. He is serving the committee in his 1st term.</p>

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 <p><i>Mr. Abdullahi Mohamed Hassan</i></p>	<p>Abdullahi was born 1999. He attended his primary school in Mandera DEB. He later joined a Islamic school to further his knowledge in Islamic Sheria. He is currently pursuing bachelor degree in Islamic Sheriah. He has over 5 years of experience in both public and private sectors in the republic of Kenya as an teacher and entrepreneur respectively.</p>
 <p><i>Ms. Amina Mohamud Abdullahi</i></p>	<p>Born in 1993, Amina holds a Diploma in Business Management and is currently pursuing a Diploma in Early Childhood Education (ECD). She serves as a committee member and has four years of solid private sector experience, equipping her with valuable skills for the role. Amina has also undertaken various trainings on NG-CDF-related matters since 2022.</p>

OUTGOING NG-CDF MEMBERS

s/n		Period served
1	Nasteha Barre Elmi	2 years
2	Mohamed Omar Ali	2 years

4. NG-CDFC Chairman's Report

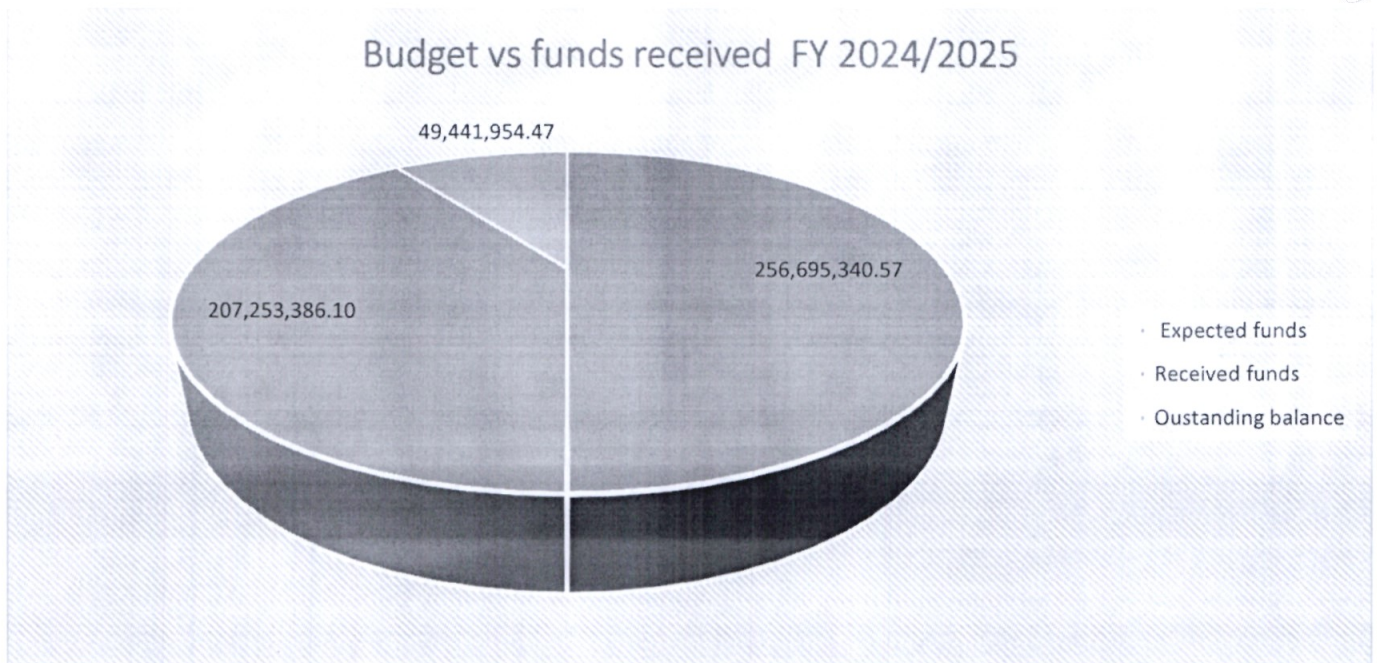


Mohamednoor Adan Abdi
Chairperson, Mandera East NG-CDF Committee

Mandera East Constituency is an electoral constituency in Kenya. It is one of six constituencies in Mandera County. The constituency was established for the 1966 elections. It is my pleasure to present Mandera East National Government Constituency Development Fund's financial statements for the period ending 30th June 2025. The financial statements present the financial performance of the Constituency Development Fund on the just concluded fiscal year. Mandera East NG-CDFC wishes to present in summary the budget performance against actual amounts for current year based on economic classification and programmes. Our NG-CDF have improved the Education infrastructure, Education bursary, Environment and Security infrastructures of Mandera East Constituency through the various projects that we have funded. During the year 2024/2025 the Constituency received KES 207,253,386.10 as at 30th June 2025. This amount comprises of KES 23,845,293.10 which was opening balance of the FY 2023/2024, KES 53,408,093 which was previous (2023/2024) year Outstanding Disbursements and KES 130,000,000 was the fund disbursement for the fiscal year under review which totals to a revenue of 207,253,386.10. This translates to 80.74% fund disbursement from the board during the financial year. The total expenditure for the financial year was 203,984,315.84 out of the available funds of KES 207,253,386.10. This translates to 98.4% absorption rate for the financial year 2024/2025.

This means that out of the total available funds for the fiscal year, 98.4% was utilized. The board disbursed approximately 80.74% of the total budgeted amount for the year.

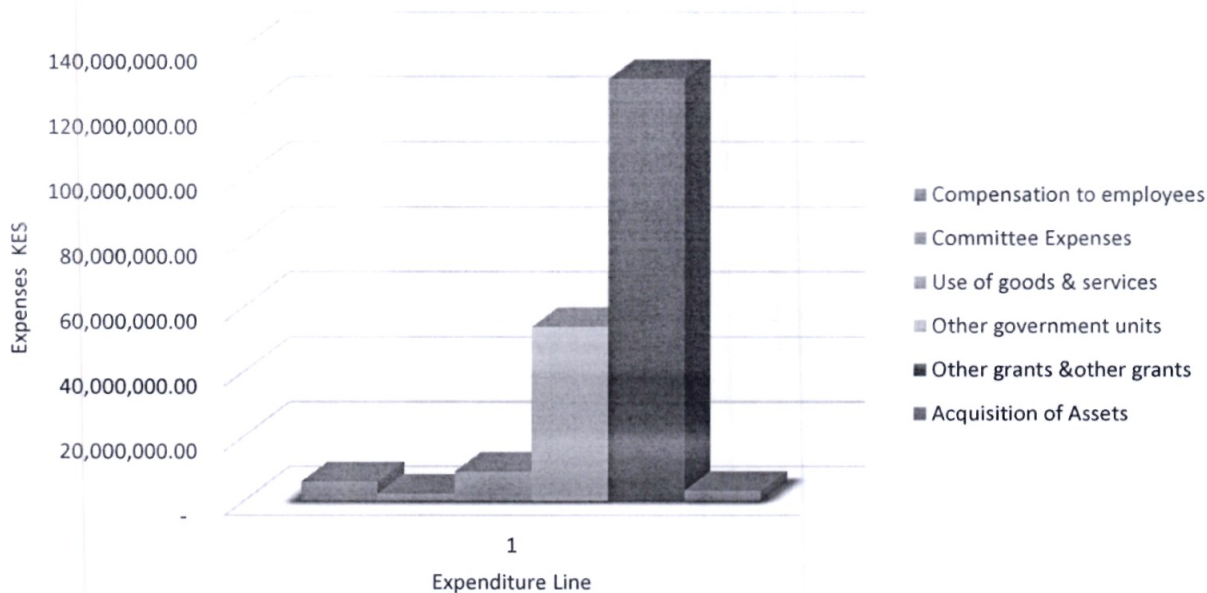
The chart below represents the budgeted amount versus actual funds received as at 30th June 2025.



In the financial year 2024/2025 a total of KES 183,408,093 was disbursed to the constituency on time for various projects plus previous balance brought of KES 23,845,293.10 totaling to KES 207,253,386.10 for the financial year. The total expenditure for the fiscal year was KES 203,984,315.28 This leaves a bank balance of KES 3,269,070.82 which forms part of the accumulated surplus for the year to be carried forward in FY 2024/2025.

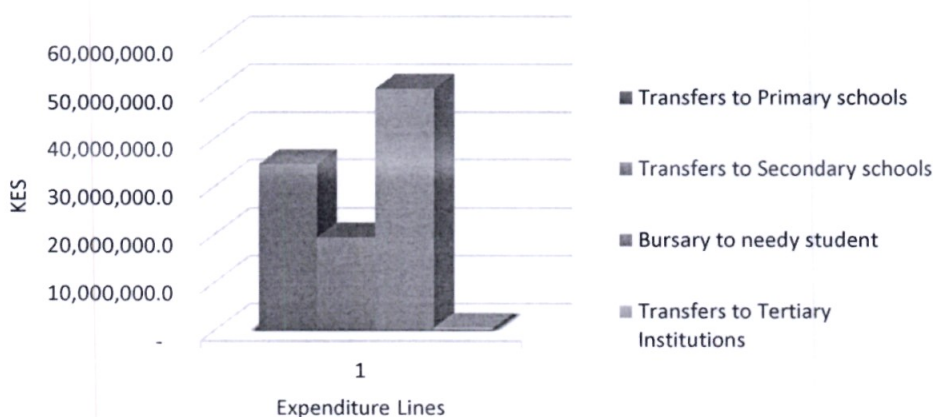
The graph below is a presentation of how the constituency budget was distributed for the financial year 2024/2025. The highest allocation was under transfers to other government entities indicating most of the funds were meant to improve the education infrastructure of the constituency during the year. Other grants and transfers follows closely as bursary is the largest portion of that category.

Budget performance FY 2024/2025



Under the education sector, the below graph indicates how the constituency has supported education sector during the financial year 2024/2025.

Expenditure on Education FY 2024/2025



Key Achievements in the fiscal year

During the year Mandera East NGCDF has achieved a lot in the implementation of projects in different sectors. The fund has developed schools, security housing and offices for the security personnel, access roads to the learning and security institutions, bursary for needy students in secondary schools as well as tertiary institutions. NGCDF funds have really

elevated the livelihoods of the residents in the sense that it has implemented development at grassroots level where all lowest of the community participate and benefit in one or the other.



*Tawakal Primary school- renovation of 5no. classrooms
Impact: improved learning Centres in both primary and Junior secondary school.*



*Koromey RDU-Construction of multi-agency offices
Impact: Enhanced security in the sub-county*

Emerging issues

Increased need of classrooms and laboratories due to newly introduction of Junior Secondary schools.

Decreased Higher Education Loan Board and universities funding beneficiaries due to new government directives hence putting more pressure on scarce bursary kitty.

The Board has also introduced new M&E reporting tools, amendments to the act, introduction of vote book management system where constituencies have moved from the use of the manual vote book and this has really helped in increased efficiency and improved performance of the NG-CDFC to a great extent.

Challenges

During the year there were challenges relating to sparse rainfall and insecurity that has really affected the livelihood of the constituents.

Delayed funds disbursement from the board and the National Treasury by extension.

Growing need for bursary and other social security benefits which are likely to result to overdependence and high demand for the same due to high poverty index resulting from the recent drought which has swept away significant amount of their livestock which was the main economic mainstay of the populace.

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Solutions and way forward

Timely disbursement of funds by the board and by extension the National Treasury.
I wish to urge the Board and/NASC to continually increase constituencies financial allocation to uptake more projects in the constituency as well as increase bursary kitty.
As means of optimally utilizing the scarce funds we initiated a programme where we are renovating more classrooms instead of constructing new ones as this more cost effective.



.....
MOHAMEDNOOR ADAN ABDI
CHAIRMAN NG-CDF COMMITTEE

5. Statement Of Performance Against Predetermined Objectives for FY2024/2025

Introduction

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

The key development objectives of Mandera East Constituency 2023-2027 plan are to:

1. To have all children of school going age attending school
2. To ensure safety of all residents
3. To ensure school going children are learning in a good environment and have clean water.
4. To ensure all youths are given an opportunity to harness their potential.

Progress on attainment of Strategic development objectives

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

Constituency Program	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 beneficiaries at all levels	In Financial Year 2024/25- we increased number of classrooms by 19, renovation 9,1 admin blocks in primary and 7 in secondary school, 1 dormitory in secondary school, 5 toilets, 3water tanks for Secondary schools,38 and 3,576 Bursary beneficiaries in secondary and tertiary

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				respectively
Security	To ensure safety of all residents	Increased security in all areas within the Constituency	number of usable physical infrastructure built Reduced number of insecurity.	In Financial Year 2024/2025 -we increased number of 1 police posts,2 staff houses,8 toilets for different stations,6 offices,Renovation of various polices houses &2 water tanks
Environment	To ensure school going children are learning in a good environment and have clean water.	Clean water in schools and reduction of wind effects in schools.	Number of tanks purchased as well as number of trees planted	In the Financial Year 2024/2025 we increased 600 number of trees planting and 5 the construction of water tanks
Sports	To ensure all youths are given an opportunity to harness their potential.	Upgrading of fields in schools.	Upgraded field./no of sport activities	In the Financial Year 2024/2025 we bought 11 sports equipment for the youth in the constituency.
Emergency	To cater for any unforeseen occurrences in the constituency during the financial year	Catering for any unforeseen occurrences in the constituency	Number of response to emergency issues	In the Financial Year 2024/2025 We responded to damaged(by wind, floods& terror attack) and access roads in unsecure learning institutions during the year.

6. Governance Statement

Introduction

The National Government Constituencies Development Fund Act 2015 (Amended 2023) in section 43(1), (2), (3) and 57(1) and its regulations, provides for establishment of National Government Constituency Development Committee (NG-CDFC) for every constituency. The officer of the board facilitated the process of nomination of the NG-CDFC for onward forwarding to the board for appointment through gazette notice.

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

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

Further the NG-CDF regulations requires that one to serve as member of the NG-CDF committee he or she must be (a) citizen of Kenya, (b) ordinarily resident voter of the constituency, (c) able to read and write and communicate in English and Kiswahili, (d) meet the chapter six of the constitution, (e) available to participate in the activities of the constituency (f) for youth nominee he or she must have attained age of 18 years but below age of 35yrs and (g) for persons with disability nominee must be nominated by a registered group representing persons with disability within the constituency.

Appointment of NG-CDF Committee

The NGCDF Regulation 2016 on appointment of NGCDFC members' states; (1) the members of a Constituency Committee provided for Appointment of under section 43 of the Act shall be selected by a members of Constituency selection panel established under paragraph (4) upon an occurrence of a Committee vacancy in the Constituency Committee. Kenya Subsidiary Legislation, 2016 1951

(2) A vacancy shall occur in Constituency Committee upon commencement of a new parliamentary term; dissolution of a Constituency Committee; removal of a member of a Constituency committee; or the occurrence of a vacancy in a Constituency Committee.

(3) Upon the occurrence of a vacancy in a Constituency Committee, the Board shall within fourteen days, constitute a selection panel.

(4) The selection panel referred to in paragraph (1) shall consist of—

□ one person nominated by the national government official in charge of the sub-county or a designated representative, who shall be the chairperson of the selection panel;

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- the Officer of the Board seconded to the Constituency who shall be the secretary to the selection panel; and
- three men each nominated in accordance with subsection (3), one of whom shall be a youth at the date of appointment;
- three women nominated in accordance with subsection (3), one of whom shall be a youth at the date of appointment;

(5) The officer of the Board seconded to the Constituency shall within fourteen days of the first meeting of the selection panel invite applications from persons who qualify for appointment to a Constituency Committee in accordance with guidelines issued by the Board.

(6) The selection panel shall, within fourteen days of receiving the applications under paragraph (5), consider the applications and shall select five applicants taking into account age, gender, special interest groups and regional balance in accordance with section the Act

(7) The officer of the Board seconded to the Constituency shall within seven days of the selection process referred to in paragraph (6) submit to the Board the names of the selected candidates together with the report of the selection panel.

(8) The Board shall co-opt the person referred to in the Act to ensure equitable representation in the membership of a Constituency Committee.

(9) The Board shall submit the names of the seven persons selected from each Constituency in accordance with the Act to the National Assembly for Approval.

(10) The Board shall, within fourteen days after receipt of the names approved by the National Assembly, appoint the members of a Constituency Committee by notice in the Gazette.

1952 Kenya Subsidiary Legislation, 2016

The selection panel shall stand dissolved upon the appointment of the members.

NG-CDF Mandera East process

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

Out of a total of 44 applicants, the selection panel developed a shortlisting criterion, which enabled picking of the six nominees. A registered group representing persons with disabilities in the constituency nominated one person as per the regulations.

One person was nominated as a co-opted member, in consultation with the local leadership.

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Nominees of The Selection Panel

S/No	NAME	NATIONAL ID NUMBER	CATEGORY	WARD
1.	Mohamednoor Abdi Adan	30857949	Male (Youth)	Libehiya
2.	Adan Daud Hamud	20146139	Male (Adult)	Arabia
3.	Amina Mohamud Abdullah	29939793	Female (Youth)	Neboi
4.	Halima Abdullahi Hassan	30595527	Female (Youth)	Khalalio
5.	Abdullahi Mohamed Osman	39455812	Male Adult	Township
6.	Halima Adan Alio	39237973	Female Adult	Neboi

Nominee of the body representing persons with disability

S/No	Name	Nominating Organization	Nature Of Physical Impairment	Remarks
1.	Ali Maalim Osman	Mandera East Disabled Forum Group	ambulatory/hands and legs impairment	Nominee uses using wheelchair and walking stick but does not need to attend meeting in company of an aid

Upon further consultation with the panel and the local leadership, members agreed to recommend for co-option by the NG-CDF Board as per section 43 subsection 2(g) as below:

S/No	Name	Id Number	Category	Ward
1.	Sahara Mohamed Deriye	39746278	Co-opted member	Township

The NG-CDFC members were gazetted on 21st May 2025. The members had their inaugural meeting on 30th May 2025. The members went through the process electing the chairperson and the secretary of the committee. The following member were elected.

1. Chairperson position -Mr. Mohamednoor Abdi Adan of ID number 30857949.
2. Secretary position – Halima Adan Alio of ID number 39237973 elected as the secretary to the committee.

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

- i. Bursary sub committee

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- ii. Complaints resolution committee.

The following were appointed to the different committee

i. **Bursary committee**

1. Sahara Mohamed Deriye - Member
2. Mohamed Omar Ali - Member
3. Adan Daud Hamud - Member
4. Ali Maalim Osman - Member

ii. **Complaints resolution committee**

1. Mohamed Omar Ali - Member
2. Adan Daud Hamud - Member
3. Ali Maalim Osman - Member
4. Solomon K Chepoton - Member/DCC

The representative from the ministry of education office is also coopted to be in the Bursary committee.

The term of office for the members of the Constituency Committee is two years and will be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act.

Roles and functions of NG-CDFC

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

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

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

Removal of NGCDFC Members

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

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

A decision to remove a member under subsection (13) is made through a resolution of at least five members of the Committee and the member sought to be removed shall be given a fair hearing before the resolution is made. In Mandera East the NG-CDFC has not found any member to have contravened the laid down regulations and law to warrant removal.

Induction and training

Upon appointment with the approval of the National Assembly, members were gazetted on 16th December 2022 as members of the NG-CDF Committee for Mandera East Constituency with effect from the 25th December, 2022.

The members held an induction training from 29th June to 4th July 2025 at Garissa. In the induction they were taken through their mandate, procurement process, financial management and other important topical matters that enable them discharge their duties effectively and efficiently. During this financial year they were also trained from 10th-15th June 2025 at Sai Rock Hotel in Mombasa.

The Fund Account Manager read through a circular NG-CDFB / CEO/CIRCULARS / vol. III (002) which stated that after the appointments; Further, the Regulations require that for a person to be elected Chairman or Secretary of NG-CDF Committee. he/she must hold a Kenya Certificate of Secondary Education or its equivalent. Lastly, under Regulation 6(2). a person who had previously served in a constituency committee constituted under the Fund or served in leadership position in the community will have an added advantage.

The Fund Account Manager informed members that the NG-CDF Mandera East main account which receives funds from The NG-CDF Board needed an update of the signatories after the appointment of new NG-CDFC members and the members forwarded the list as the account signatories who are to sign the specimen signature letter at the Sub-County Accountant offices.

The next meeting was scheduled to a date to be communicated for members to participate in elections for sub-committees; Bursary Committee, Monitoring and Evaluation Committee,

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Community Oversight Committee, Climate change mitigation Committee, and any other committee to be communicated.

Number of meetings;

Mandera East NGCDFC held meetings as per the Act, that requires members to hold at most 22 meetings. The members held 24 meeting which can be supported by written minutes in the NG-CDFC minute file.

Committee meetings attendance register 2024/2025

Committee Member	Jul24 : 5 th & 12 nd	Aug-24: 2 nd & 30 th	Sep-24: 6 th	Oct-24: 18 th	Nov-24: 1 st & 28 th	Dec-24: 6 th & 27 th	Jan-25 10 th & 31 st	Feb-25: 6 th & 17 th	Mar-25: 10 th & 24 th	Apr-25: 2 nd & 28 th	May -25: 5 th & 30 th	Jun-25: 18 th & 26 th
Mohamednoor Abdi Adan	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓
Amina Mohamed Abdullahi	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓
Adan Daud Hamud	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓
Nasteha Barre Elmi	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓			
Sahara Mohamed Diriye	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓
Mohamed Omar Ali	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓
Halima Adan Alio	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓			
Ali Maalim Osman	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓
Nicky Betta	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓			

*National Government Constituencies Development Fund (NGCDF)
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Abdullahi Mohamed Hassan												✓	✓
Solomon K Chepoton												✓	✓
Halima Abdullahi Hassan												✓	✓ ✓

Members remuneration

NG-CDFC members are not entitled to payment of salary. According to a circular from the Board, members are remunerated as per the Act where the chairperson receives KES 7,000 and other members are remunerated at a flat rate of KES 5,000 on the meetings held and, on any activity, as they may hold in the constituency.

Policy on conflict of interest;

The committee adhered to the guidelines on conflict of interest on awarding projects and bursary allocations. The entity ensures that members declare their interest in management matters to avoid the conflict of interests. material financial interest, self-dealing transaction or other kind of actual conflict does not exist in Mandera East constituency.

The act specifies that any member with interest shall resign from the committee.

None of the NG-CDFC members declared conflict of interest within the course of the year

Ethics and good conduct;

Regulation 6 requires that for one to serve as a member of the NG-CDF Committee. he or she must be:

- a) A citizen of Kenya.
- b) Ordinarily resident and a voter in the constituency:
- c) Able to read and write, and to communicate in English and Kiswahili.
- d) Meet the requirement of Chapter six of the Constitution of Kenya.

During the nomination of members, the FAM and selection panel made sure members met the requirements of chapter 6 of the constitution and were of good conduct.

Risk management;

It the responsibility of each committee member to be versed with the constituency risks and put in place measures to prevent and control them.

During the financial year, the FAM used the postal corporation of Kenya as a delivery measure of bursary cheques across the constituency so as to prevent cases of loss of cheques, late delivery and cheques not being delivered to right students.

FAM also ensured the PMCs were fast to receive, be trained and use funds allocated to their projects and institutions.

Roles of NG-CDF Committee in Risk management

- Coordinate and monitor the implementation of Risk management initiatives within the constituency
- Conduct Risk assessment and develop monitoring systems of the risks
- Monitoring risks in the constituency.

7. Management Discussion and Analysis

Establishment and Management of the Fund

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

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

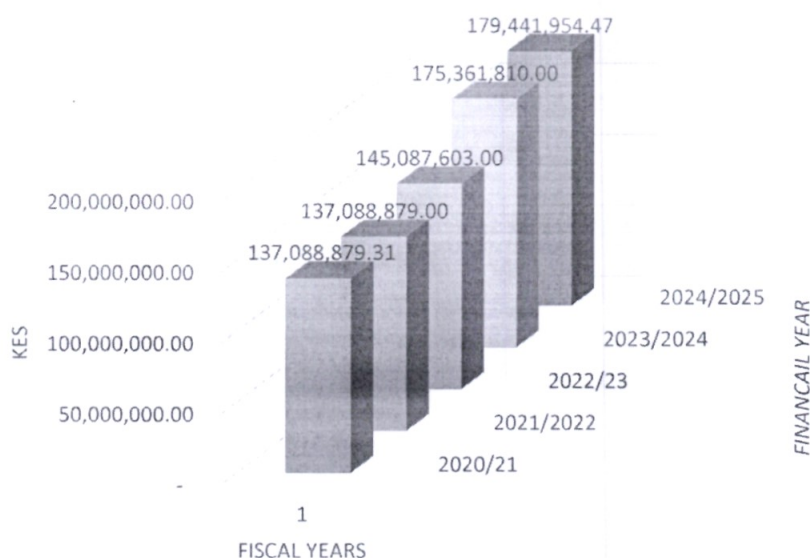
NG- CDF Mandera East Constituency, pursuant to Section 34 of the Act, was allocated KES774,069,125.78 Between FY 2020/2021 and 2024/2025: as tabulated:

FINANCIAL YEAR	ALLOCATION (KSHS)
2020/2021	137,088,879.31
2021/2022	137,088,879.00
2022/2023	145,087,603.00
2023/2024	175,361,810.00
2024/2025	179,441,954.47
Total Allocation FY 2020/202 to 2024/2025	774,069,125.78

The allocation for Mandera East has been increasing significantly over the last five financial years as the graph below depicts.

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ALLOCATIONS FY 2020/2020- 2024/2025



The current Strategic Plan 2022/2023 to 2026/2027 identifies a number of strategies and their implementation matrix. In the last 3 financial years, the matrix implementation has had a funding with sectorial allocations approved code list and funded under Section 24 of the Act. The highest beneficiary being education sector through bursary and school's infrastructural development. The table below shows how the funds were distributed:

Major Sectors	Allocation (KES)	Percentage Allocation
Bursary to needy students	124,660,529	25%
Primary School Projects	91,789,637.08	18%
Secondary School Projects	81,505,000	16%
Tertiary Institution projects	6,500,000	1%
Security projects	97,309,104	19%
Climate Change Mitigation Activities	14,444,358	3%

Major achievements

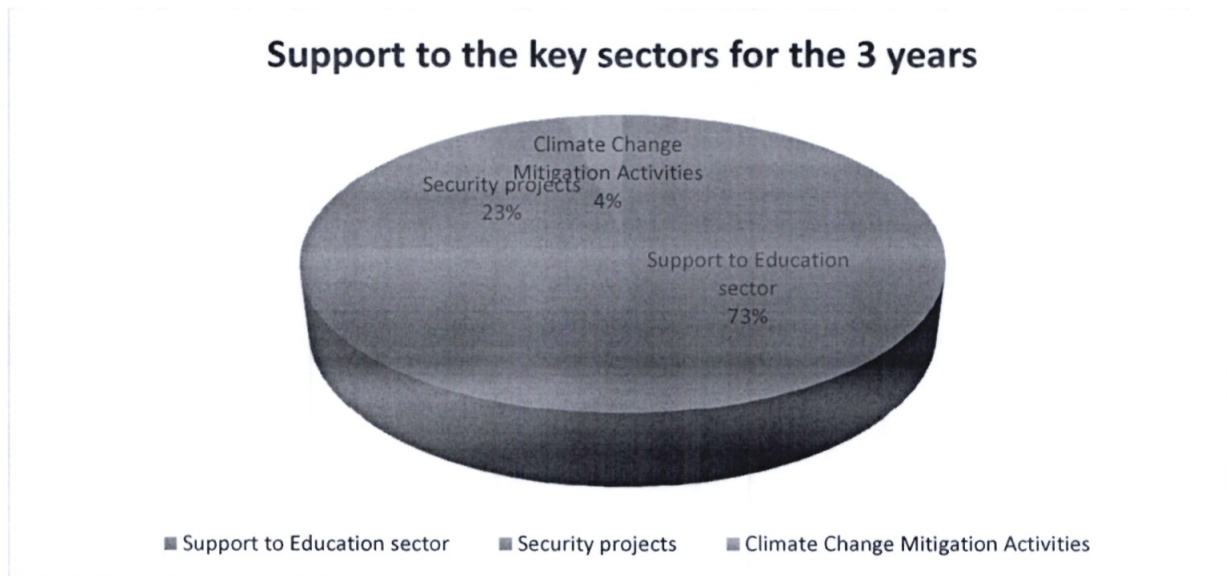
The Mandera East NG-CDFC has consistently prioritized education and security in its budgetary allocations, in line with its core mandate. Recognizing the transformative power of

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education, the Fund has devoted significant resources to supporting learners and improving learning environments.

Special attention has been given to the education sector through two key interventions: providing bursaries to bright but needy students, and investing in educational infrastructure. For the last 3 financial years, the Mandera East NG-CDFC has awarded bursaries to over 10,000 learners enrolled in various institutions across the country. This initiative has greatly contributed to the achievement of the government’s 100% transition policy, ensuring that no deserving student is left behind due to financial constraints.

In addition, the Fund has championed infrastructural development at all levels of education. This includes constructing new facilities as well as rehabilitating and upgrading existing ones to provide safe, conducive, and modern learning environments. Over the last three years alone, the Mandera East NG-CDF has established three secondary schools and one primary school from the scratch, transforming them into fully fledged institutions that now serve hundreds of learners across the constituency. Through these investments, the Mandera East NG-CDFC continues to lay a strong foundation for academic excellence, improved literacy levels, and long-term socio-economic development in the region as shown in the pie chart below.



Mandera East being an insecurity-prone area, the Fund has extended significant support to security agencies by undertaking both new infrastructural developments and the rehabilitation of existing facilities. Strengthening security infrastructure has been a key priority to safeguard lives, protect property, and promote socio-economic stability in the region.

Over the last two financial years, the Committee has spearheaded the establishment of a new multi-agency security camp in Koromey town. This strategic investment included the construction of six modern offices within the camp, providing adequate working space and operational facilities for various security units stationed there. The Koromey multi-agency

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camp serves as a central hub for coordinated security operations, enabling faster response to threats and enhancing surveillance across the porous border of Mandera East Constituency.

These interventions are expected to significantly improve security presence, deter cross-border criminal activities, and create a safer environment for residents, thereby contributing to long-term peace and development in the constituency.



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Hussein Diriye Jimale
Fund Account Manager

8. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

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

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

2. Environmental performance

Mandera East NG-CDFC strategic Environmental agenda recognizes the provisions of the NG-CDF Board Strategic Plan and the National Environmental Management Authority (NEMA) guidelines. The NEMA Performance Contract Guidelines for all Ministries, Departments and Agencies (MDAs) provide that institutions undertake planning, implementation, monitoring and Audit of the projects to ensure compliance with and enforcement of the constitution and other statutory obligations relating to environmental sustainability.

As a Constituency, we ensure that Project Implementation Committees (PMC) continue to priorities and improve environmental sustainability projects. We also Encourage Community participation in identification, protection and conservation of environment by carrying out environmental awareness programs. Create synergy between the NG-CDFC and other related players. In the financial year 2022/2023 the Constituency carried out through Mandera East National Government Constituency Development Fund Committee (NG-CDFC), Members and Public on Environmental Sustainability through sharing of best practices with other constituencies.

3. Employee welfare

We invest in providing the best working environment for our employees. Mandera East 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. Mandera East 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-

Mandera East Constituency is committed to fair and ethical market practices.

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

Mandera East 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

Mandera East Constituency deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituents, considering the

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national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long-term, was submitted to the NG CDF Board in accordance with the Act.

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

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

Public Awareness

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

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



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Hussein Diriye Jimale
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-Mandera East 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-Mandera East 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- Mandera East Constituency further confirms the completeness of the accounting records maintained for the constituency, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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The Accounting Officer in charge of the NGCDF Mandera East 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.

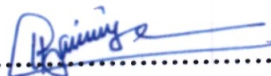
In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The NGCDF- Mandera East Constituency financial statements were approved and signed by the Accounting Officer on 9th August 2025.



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Mohamednoor Abdi Adan
Chairman – NGCDF Committee



.....
Hussein Diriye Jimale
Fund Account Manager

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund - Mandera East Constituency set out on pages 1 to 56, 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 the National Government Constituencies Development Fund - Mandera East Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted Under IPSAS 33) and comply with the National Government Constituencies Development Fund Act, 2015, the Public Finance Management Act, 2012 and The National Treasury Circular No. 3 of 14 April, 2025.

Basis for Qualified Opinion

1. Non-Disclosure of Transitional Provisions Under IPSAS 33

Public Sector Accounting Standard Board (PSASB) guideline on the first-time adoption of IPSAS Accrual requires entities transiting from IPSAS (Cash Basis) to IPSAS (Accrual Basis) to disclose under Note 2 on 'Compliance and Basis of Preparation' transitional aspects on: specific transitional provisions applied, the steps being taken towards full compliance with IPSAS Accrual and the extent to which the entity has taken advantage of the transitional exemptions that affect the fair presentation of the financial statements or the extent to which it has taken advantage of the transitional exemptions that do not affect the fair presentation of the financial statements.

However, review of Note 2 to transitional IPSAS financial statements revealed that the Management of the Fund did not disclose transitional provisions applied, the steps being taken towards full compliance with IPSAS Accrual, nor indicate the elements of the financial statements that have not been recognized as a result of taking advantage of the transition provisions.

In the circumstances, the fair presentation of the financial statements could not be confirmed.

2. Unsupported Bursary Payments

The statement of financial performance reflects payments on other grants and transfers actual expenditure of Kshs.130,571,603 as disclosed in Note 11 to the financial statements. Included in the expenditure is an amount of Kshs.1,832,400 and Kshs.48,532,067 disbursed to various secondary schools and tertiary institutions respectively as bursary to needy students. However, review of bursary payment records revealed that an amount of Kshs.347,000 disbursed to tertiary institutions was not supported with acknowledgements of receipt of the amounts from the beneficiary institutions.

In the circumstances, the accuracy and propriety of the bursary payments amounting to Kshs.347,000 could not be confirmed.

3. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.4,797,045 as disclosed in Note 16 to the financial statements. However, the balance was not supported by an updated fixed assets register indicating the assets details such as: asset identification or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value and asset tag identification codes.

Further, the ownership documents for land and motor vehicles were not provided for audit verification.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.4,797,045 could not be confirmed.

4. Unsupported Project Management Committee Balances

The statement of financial position reflects cash and cash equivalents balance of Kshs.3,391,819 as disclosed in Note 13 to the financial statements. Included in the balance is an amount of Kshs.95,048 in respect of Project Management Committee (PMC) balance at a local commercial bank. However, the PMC balances were not supported by cashbooks, bank reconciliations and board of survey reports.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.3,391,819 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Mandera East 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 of Kshs.256,767,220 and Kshs.207,325,266 respectively, resulting in an under-funding of Kshs.49,441,954 or 19% of the budget. Similarly, the Fund spent a total of Kshs.203,929,417 against actual receipts of Kshs.207,325,266, resulting in an under-utilization of Kshs.3,395,849 or 2% of the available funds.

The under-funding 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

1. Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Fund in 2024/2025 revealed that the following six (6) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Unconfirmed Emergency Expenditure
2	2023/2024	Unconfirmed Bursary Disbursements
3	2023/2024	Unconfirmed Cash and Bank Balances
4	2023/2024	Unsupported Projects Expenditure
5	2023/2024	Unconfirmed Assets Balance
6	2023/2024	Non-Implementation of Budgeted Projects

2. Delay in Implementation of Projects

During the year under review, the Fund allocated Kshs.227,137,608 to projects in various sectors including Education, Security, Climate Change Mitigation and Emergencies within the Constituency. Analysis of the Project Implementation Status report and expenditure returns indicated that projects worth Kshs.135,823,366 were completed, while thirty-one (31) projects allocated Kshs.75,723,154 had not been started.

Failure to implement and delayed completion of planned projects may have impacted negatively on service delivery to the public.

Other Information

The Management is responsible for the Other Information set out on page iii to xxxv which comprise of Key Constituency Information and Management, NGCDF Committee, NGCDF Chairman's Report, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, 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 and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

Inaccurate National Government Constituencies Development Fund Chairman's Report

The National Government Constituencies Development Fund Chairman's Report indicates that the Constituency received Kshs.207,253,386 while the statement of comparison of budget and actual amounts indicates that the Fund received funds amounting to Kshs.207,325,266 resulting in an unreconciled variance of Kshs.71,880.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Irregularities in Utilization of Emergency Reserve

The statement of financial performance reflects other grants and transfers of Kshs.130,571,603 as disclosed in Note 11 to the financial statements. Included in the amount is Kshs.9,401,115 in respect of the emergency projects. However, Management did not report to the National Constituencies Development Fund Board the utilization of the emergency funds within thirty (30) days as required by Regulation 20(2) of the National Government Constituency Development Fund Regulations, 2016 which provides that the utilization of the emergency reserve shall be reported to the Board within thirty (30) days of the occurrence of the emergency, in the format prescribed by the Board. In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and the National Government Constituencies Development Fund Committee

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

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

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

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

The National Government Constituencies Development Fund Committee is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how

Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

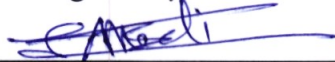
28 November, 2025

*National Government Constituencies Development Fund (NGCDF)
Mandera East 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	5,930,624
Committee expenses	8	2,219,672
Use of Goods and Services	9	9,026,978
Other Government Units Actual expenditure	10	53,115,000
Other Grants and Transfers Actual expenditure	11	130,571,603
Depreciation and amortization expense	12	596,686
Total expenses		201,460,562
Surplus/(Deficit) for the year		(22,018,608)

The Constituency financial statements were approved by the NGCDFC on 9th August 2025 and signed by:


Chairman NG-CDF
Committee
Mohamednoor Abdi Adan


National Sub-County
Accountant
Yunis Ali Dakat
ICPAK M/No:27901



Fund Account Manager
Hussein Diriye Jimale

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


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

	Note	2024/2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	13	3,391,819	23,913,142.90
Receivables from Non-Exchange Transactions	14	49,441,954	53,408,093.23
Prepayments	15	-	63,405.58
Total Current Assets		52,833,773	77,384,641.71
Non-Current Assets			
Property, Plant and Equipment	16	4,797,045	2,292,500.00
Total Non- Current Assets		4,797,045	2,292,500.00
Total Assets (A)		57,630,818	79,677,141.71
Liabilities			
Current Liabilities			
Gratuity provision	17	1,331,744	1,359,460
Total Current Liabilities		1,331,744	1,359,460
Non-Current Liabilities			
Total Liabilities (B)		1,331,744	1,359,460
Net Assets (A-B)		56,299,074	78,317,681.71
Represented by:			
Total Net Assets		56,299,074	78,317,681.48

The Constituency financial statements set out on pages 1 to 20 approved by NG CDFC on 9th August 2025 and signed by:


Chairman NG-CDF
Committee
Mohamednoor Abdi Adan


National Sub-County
Accountant
Yunis Ali Dakat
ICPAK M/No: 27901


Fund Account Manager
Hussein Diriyee Jimale
ICPAK M/No:15013

National Government Constituencies Development Fund (NGCDF)
Mandera East 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	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
As at 30th June 2024 (cash basis)		23,845,293	23,845,293
Adjustments: (to recognize assets and liabilities)	-	-	-
Add Assets	-	55,831,848	55,831,848
Less Liabilities	-	1,359,460	1,359,460
As at July 1, 2024	-	78,317,681	78,317,681
	-		-
Surplus/(Deficit) For the Period	-	(22,018,608)	(22,018,608)
Revaluation Gain/Loss	-	-	-
As at 30th June 2025	-	56,299,074	56,299,074

National Government Constituencies Development Fund (NGCDF)
Mandera East Constituency
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14. Statement Of Cash Flows for The Year Ended 30th June 2025

	Notes	2024/2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		183,408,093
Total Receipts		183,408,093
Payments		
Employee costs		5,958,340
Committee expenses		2,219,672
Use of Goods and Services		8,963,572
Other Government Units Certified Works		53,115,000
Other Grants and Transfers		130,571,603
Total Payments		200,828,187
Net Cash Flows from/ (used in) Operating Activities	18	(17,420,094)
Cash flows From Investing Activities		
Purchase of PPE		3,101,230
Net Cash Flows from Investing Activities		3,101,230
Net increase/(decrease) in cash &		(20,521,324)
Cash equivalents		
Cash Flows from Financing Activities		
Lease payment		-
Net Cash Flows from Financing Activities		(20,521,324)
Cash and cash equivalents at Period Start	13	23,913,143
Cash and cash equivalents at Period End	13	3,391,819

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	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	23,917,173	53,408,093	256,767,220	207,325,266	49,441,954	81%
Grants/donations from other entities	-	-	-	-	-	-	
Finance income	-	-	-	-	-	-	
Miscellaneous income	-	-	-	-	-	-	
Totals	179,441,954	23,917,173	53,408,093	256,767,220	207,325,266	49,441,954	81%
Expenses							
Employee costs	6,045,364	582,240	1,359,460	7,987,064	5,958,340	2,028,724	75%
Committee expenses	2,330,696	203,544	-	2,534,240	2,219,672	314,568	88%
Use of Goods and Services	7,773,711	1,841,093	-	9,614,804	8,963,572	651,232	93%
Other Government Units Certified Works	64,922,870	665,881	28,102,566	93,691,317	53,115,000	40,576,317	57%
Other Grants and Transfers	95,269,313	20,611,223	23,946,067	139,826,603	130,571,603	9,255,000	93%
Acquisition of assets	3,100,000	13,193	-	3,113,193	3,101,230	11,963	100%
Sports							
Funds Pending Approval**	-	-	-	-	-	-	

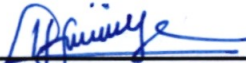
*National Government Constituencies Development Fund (NGCDF)
Mandera East Constituency
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	Original Budget		Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs		Kshs		Kshs	Kshs	Kshs	
	a	b	C=(a+b)		d	e=(c-d)	f=d/c*100	
	2024/2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024/2025	2024/2025			
Total Expenditure	179,441,954	23,917,173	53,408,093	256,767,220	203,929,417	52,837,803	79%	


Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities

Description	Amount
Budget utilisation difference totals	52,837,803
Less undisbursed funds receivable from the Board as at 30 th June 2025	49,441,954
Cash and Cash Equivalents at the end of the 30 th June 2025	3,395,849

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 9th August 2025 and signed by:


Fund Account Manager

Hussein Diriyee Jimale
ICPAK M/No:15013


National Sub-County Accountant

Yunis Ali Dakat
ICPAK M/No: 27901


Chairman NG-CDF Committee

Mohamednoor Abdi Adan

National Government Constituencies Development Fund (NGCDF)
Mandera East Constituency
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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	6,045,364	582,240	1,359,460	7,987,064	5,958,340	2,028,724
1.2 Committee allowances	1,488,296	203,544	-	1,691,840	1,488,296	203,544
1.3 Use of goods and services	3,232,857	919,679		4,152,536	3,533,221	619,316
Sub-total	10,766,517	1,705,463	1,359,460	13,831,440	10,979,857	2,851,584
2.0 Monitoring and evaluation						
2.1 Capacity building	4,320,000	230,000		4,550,000	4,519,986	30,014
2.2 Committee allowances	842,400		-	842,400	731,376	111,024
2.3 Use of goods and services	220,854	691,414		912,268	910,366	1,902
Sub-total	5,383,254	921,414	-	6,304,668	6,161,728	142,940

*National Government Constituencies Development Fund (NGCDF)
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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
3.0 Emergency						
utilized	9,444,313	759		9,445,072	9,401,115	43,957
Sub-total	9,444,313	759	-	9,445,072	9,401,115	43,957
5.1 Primary Schools				-		-
5.2 Secondary Schools	1,500,000	374,380		1,874,380	1,832,400	41,980
5.3 Tertiary Institutions	48,500,000	89,629		48,589,629	48,532,067	57,562
Sub-total	50,000,000	464,009	-	50,464,009	50,364,467	99,542
5.0 Climate Change Mitigation						
Hareri Mixed Sec		618		618		618
Darika Primary		1752		1,752		1752
Tawakal Primary		1752		1,752		1752
Mandera East Ng Cdf Office		484		484		484
Neboi Secondary School	1,000,000	1519.7		1,001,520	1,001,115	404.70
BP1 Primary school	2,500,000			2,500,000	2,500,000	-
Sub-total	3,500,000	6,126	-	3,506,126	3,501,115	5,011
6.0 Primary						

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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
Schools Projects						
Arabia Primary PMC		-	6,200,000	6,200,000	6,197,695	2,305
Aresa Pri Sch		1,883		1,883	-	1,883
Barwaqo primary PMC		-	1,470,096	1,470,096	1,462,945	7,151
BPI Primary School	637,870	1,000	-	638,870	637,000	1,870
DARIKA PRIMARY		484		484		484
Darika Primary School	400,000			400,000		400,000
Daua Primary PMC		-	1,200,000	1,200,000	1,196,407	3,593
Duse Pri PMC		3,540		3,540	-	3,540
Figo Police School PMC		630		630	-	630
Hareri intergrated pry PMC		-	2,988,096	2,988,096	2,986,000	2,096
HARERI PRIMARY		2,975		2,975		2,975
Hareri Pry Sch		2,975		2,975	-	2,975
Imam Dhahabi Integrated School	800,000	2,000		802,000	800,115	1,885

National Government Constituencies Development Fund (NGCDF)
Mandera East Constituency
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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			
Kamor Girls		800		800	-	800
Karo Primary PMC		1,958		1,958	-	1,958
Khadija Primary School PMC		950		950	-	950
Khalalio Pri Sch		1,500	1,200,000	1,201,500	1,199,000	2,500
Kheriya intergrated pry PMC		-	2,500,000	2,500,000	2,498,235	1,765
Libehiya primary PMC		-	2,488,091	2,488,091	2,483,665	4,426
Libehiya Primary School	4,700,000			4,700,000		4,700,000
Mandera Special sch for Blind PMC		-	725,000.0	725,000	724,800	200
Mandera Special sch for Deaf PMC		-	2,195,096.0	2,195,096	2,192,880	2,216
Mandera Special School for the Blind	2,400,000			2,400,000		2,400,000
Neboi Pry PMC		1,500		1,500	-	1,500
Oda Primary School	900,000			900,000		900,000
Oda Primary School	4,800,000	1,360		4,801,360		4,801,360

*National Government Constituencies Development Fund (NGCDF)
Mandera East Constituency
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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
Omar Jillaow Primary School	900,000	1,200		901,200	900,200	1,000
Qurader Primary School	2,400,000			2,400,000		2,400,000
Sarohindi Primary School	1,000,000	3,596		1,003,596		1,003,596
Shafi Iley Primary school	1,200,000			1,200,000		1,200,000
Shafshafey primary PMC	1,000,000	-	1,488,096	2,488,096	2,487,840	256
Sunnah Intergrated Primary School	2,400,000		5,088,091	7,488,091	5,085,474	2,402,618
Tawakal Primary School		4,070		4,070	-	4,070
Tawakal Primary School	3,000,000	5,841		3,005,841	3,000,115	5,726
Umoja Primary School	600,000			600,000	598,000	2,000
Sub-total	27,137,870	38,262	27,542,566	54,718,698	34,450,370	20,268,328
7.0 Secondary Schools Projects						
Arabia Boys Secondary School	2,500,000	4,253		2,504,253	2,498,575	5,678
Arabia Girls Secondary School	8,200,000.00	11,188		8,211,188	8,210,000	1,188
Arabia Ward Lab PMC		260		260	-	260

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

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			
Aresa Girls Sec PMC		3,100		3,100	-	3,100
Barwaqo Ward Lab PMC		880		880	-	880
Bulla Mpya Lab PMC		760		760	-	760
Bur Abor Mixed Day Secondary school	6,200,000.00			6,200,000	6,198,000	2,000
Buruburu Girls	-	1,000		1,000	-	1,000
Farey Ward Lab PMC		1,681		1,681	-	1,681
Hareri Mixed Secondary School	625,000.00			625,000		625,000
Kamor Mixed Sec	-	40		40	-	40
Khalalio Girls Sec	-	880		880	-	880
Libehiya Mixed Secondary School	4,700,000.00			4,700,000		4,700,000
Libehiya Mixed Secondary School	1,160,000.00			1,160,000		1,160,000
Libehiya Mixed Secondary School	400,000.00			400,000		400,000
Libehiya Mixed Secondary School	1,000,000.00			1,000,000		1,000,000
Libehiya Ward Lab PMC		260		260	-	260

*National Government Constituencies Development Fund (NGCDF)
Mandera East Constituency
Annual Report and Financial Statements for The Year Ended June 30, 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
Mandera Dimtu Girls Day Secondary School	800,000.00	80		800,080	799,500	580
Mandera East Sports PMC	-	601,537		601,537	600,000	1,537
Mandera Seconadary PMC		-		-		-
Moi Girls' Secondary shool-Mandera	4,000,000	-	560,000	4,560,000	558,440	4,001,560
Neboi Ward Lab PMC		260		260	-	260
Shafshafey Mixed Day Secondary School	2,400,000.00			2,400,000		2,400,000
Shafshafey Mixed Day Secondary School	600,000.00			600,000		600,000
Township Ward Lab PMC		760		760	-	760
Sub-total	32,585,000	626,939	560,000	33,771,939	18,864,515	14,907,424
8.0 Tertiary institutions Projects						
Mandera East TSC office	1,200,000			1,200,000		1,200,000
Mandera East County Director	400,000	680		400,680	400,115	565

National Government Constituencies Development Fund (NGCDF)
Mandera East Constituency
Annual Report and Financial Statements for The Year Ended June 30, 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
of Education office						
Mandera Teachers Training college	3,600,000			3,600,000		3,600,000
Sub-total	5,200,000	680	-	5,200,680	400,115	4,800,565
9.0 Security Projects						
Arabia DC Office PMC	3,500,000			3,500,000		3,500,000
Arabia Police Station	2,400,000			2,400,000		2,400,000
Arabia Police Station	800,000			800,000		800,000
Arabia Police station PMC		(69)	4,250,000	4,249,931	4,249,350	581
KHALALIO DCC		200		200		200
Libehiya Chief Office		1,280		1,280		1,280
Libehiya Chief Office	1,000,000			1,000,000		1,000,000
Khalalio Deputy County Commissioners Office						
Mandera Central Police Line	2,000,000			2,000,000		2,000,000

*National Government Constituencies Development Fund (NGCDF)
Mandera East Constituency
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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
Mandera Central Police Line	15,425,000	3,000,001		18,425,001	18,422,856	2,145
Omarjillo Chief office PMC	-	-	2,000,000	2,000,000	1,999,235	765
Rapid police depl unit PMC	7,200,000	17,138,037	17,696,067	42,034,104	42,033,465	639
Shafshafey Chief Office		880		880	-	880
Sub-total	32,325,000	20,140,329	23,946,067	76,411,396	66,704,906	9,706,490
10.0 Acquisition of assets						
12.1 Motor Vehicles			-	-	-	-
12.2 Purchase of furniture and fittings		9,821		9,821	-	9,821
12.2 Construction of CDF office	3,100,000	3,371.50		3,103,372	3,101,230	2,142
Sub-total	3,100,000	13,193	-	3,113,193	3,101,230	11,963
12.0 Others						
12.1 Strategic Plan						
12.2						
Sub total						

*National Government Constituencies Development Fund (NGCDF)
Mandera East Constituency
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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
13.0 Funds pending approval**						
13.1 Unapproved projects						
13.2 AIA						
13.3						
Sub-total						
Total	179,441,954	23,917,173	53,408,093	256,767,220	203,929,417	52,837,803

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 Mandera East Constituency principal activity is to provide leadership and policy direction for effective and efficient management of the Fund.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act and the International Public Sector Accounting Standards (IPSAS). The NG-CDF Mandera East 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 Mandera East has recognized all financial assets, including cash and cash equivalents held in the operational account, deposit account, and PMC bank accounts; receivables (amounts due from the Board and other parties); prepayments; property, plant, and equipment (PPE); and intangible assets acquired during the financial year 2023/2024 up to the reporting date.

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

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

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

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3. Adoption of New and Revised Standards

(When an IPSAS becomes effective on 1st January 20xx, it is applicable in Kenya from 1st July 20xx)

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

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

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

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

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<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>This IPSAS is applicable effective 1st July 2025</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>This IPSAS is applicable effective 1st July 2025</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue</p>

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

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

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

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

c) Property, plant and equipment

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

d) Leases

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

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

g) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the 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 recognizes 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 Fund 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 Fund 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 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 Fund.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

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

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6. Transfers from the NGCDF Board

Description	2024/2025
	Kshs
NGCDFB Transfers (Allocation for the FY)	179,441,954.47
Total	179,441,954.47

7. Employees cost

	2024/2025
	Kshs
NG-CDFC Basic staff salaries	4,308,851
Gratuity to contractual employees	1,304,044
Employer Contributions Compulsory national social security schemes	249,120
Employer Contributions Compulsory Housing levy	68,610
Total	5,930,625

8. Committee Expenses

	2024/2025
	Kshs
Sitting allowance	1,248,000
Other Committee expenses	971,672
Total	2,219,672

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9. Use of Goods and services

	<i>2024/2025</i>
	Kshs
Utilities, supplies and services	110,000
Communication, supplies and services	261,724
Domestic travel and subsistence	1,015,538
Printing, advertising and information supplies & services	698,600
Training expenses	4,519,986
Hospitality supplies and services	107,704
Insurance costs	63,406
Office and general supplies and services	1,066,140
Fuel, oil & lubricants	379,689
Bank charges	112,639
Hire of Transport– vehicles and other transport equipment	360,000
Routine maintenance – other assets	331,552
Total	9,026,978

10. Other Government Units Actual expenditure

Description	<i>2024/2025</i>
	Kshs
Primary Schools Actual expenditure	34,450,370
Secondary Schools Actual expenditure	18,264,515
Tertiary Institutions Actual expenditure	400,115
Total	53,115,000

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11. Other Grants and transfers Actual expenditure

	2024/2025
	Kshs
Bursary – secondary schools	1,832,400
Bursary – tertiary institutions	48,532,067
Security projects Actual expenditure	66,704,906
Climate change mitigation projects	3,501,115
Emergency projects Actual expenditure	9,401,115
Others specify	600,000
Total	130,571,603

12. Depreciation and Amortization Expenses

Description	2024/2025
	Kshs
Property Plant and Equipment	596,686
Total	596,686

13. Cash and Cash Equivalents

Name Of Bank and Account No.	2024/2025	Opening Statement 1 st July 2025
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
Equity Bank, No. 1000296543528(Operations account)	3,269,071	23,845,293.10
Equity Bank, account No. 1000285923310 (Deposit account)	27,700	-
<i>Equity Bank, Various account No. (PMC accounts)</i>	95,048	67,849.80
Total	3,391,819	23,913,143

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14. Receivables from Non-Exchange Transactions

Description	2024/2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	49,441,954		53,408,093.23	
Outstanding imprest	-		-	
Total	49,441,954		53,408,093	
Ageing Analysis- Receivables from non-exchange transactions	2024/2025	% of the total	Opening Balance	% of the total
Less than 1 year	49,441,954	100%	53,408,093.23	100%
Between 1-2 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	49,441,954	100%	53,408,093.23	100%

15. Prepayments

Description	2024/2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Prepaid Insurance	-		63,406	
Total	-		63,406	

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16. Property, Plant and Equipment

	Buildings	Furniture and fittings & equipment	Service concession assets	Total
Depreciation Rate	10%	12.50%		
Cost	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 2024	-	2,620,000	-	2,620,000
Additions	3,101,230	-	-	3,101,230
Disposals	-	-	-	-
Transfer/Adjustments	-	-	-	-
As At Jun 2025	3,101,230	2,620,000	-	5,721,230
Depreciation And Impairment				
Opening bal. accumulated depreciation 1st July 2024	-	327,500	-	327,500
Depreciation	310,123	286,563	-	596,686
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/Adjustment	-	-	-	-
As At June 2025	310,123	614,063	-	924,186
Net Book Values				
Opening Balance as at 1st July 2024	-	2,292,500	-	2,292,500
As At June, 2025	2,791,107	2,005,938	-	4,797,044

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Valuation

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

22 b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	3,101,230	310,123	2,791,107
Office Equipment, Furniture, And Fittings	2,620,000	614,063	2,005,938
Total	5,721,230	924,186	4,797,045

17. Gratuity Provision

Description	2024/2025
	Kshs
Gratuity at the beginning of the year 1 st of July	1,359,460
Gratuity held during the year	1,304,044
Gratuity paid during the year	1,331,760
Total Gratuity Provision 30th June (A+B-C)	1,331,744.00

18. Cash Generated from Operations

	2024/2025
	Kshs
Surplus/Deficit for the year	(22,018,608)
Adjusted for:	
Depreciation	596,686
Working capital adjustments	-
Increase/decrease in receivables	(4,029,544)
Increase/decrease in payables	27,716
Net cash flow from operating activities	(17,420,094)

19. Financial Risk Management

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

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i) Credit risk

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

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from non-exchange transactions	49,441,954	49,441,954	-	-
Bank balances	3,391,819	3,391,819	-	-
Total	52,833,773	52,833,773	-	-
As at 30 June 2024				
Receivables from non-exchange transactions	53,408,093.23	53,408,093.23	-	-
Bank balances	23,913,143	23,913,143	-	-
Total	77,321,236.23	77,321,236.23	-	-

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 fund has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. 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 Fund's directors, who have built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the fund 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				
Gratuity Provision	-	-	1,331,744	1,331,744
Total	-	-	1,331,744	1,331,744
As at 30th June 2024				
Gratuity Provision	-	-	1,359,460	1,359,460
Total	-	-	1,359,460	1,359,460

iii) Market risk

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the

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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 Fund'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 Fund's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Entity has no 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.

Financial Risk Management

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

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 fund 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 endeavoured to bank with institutions that offer favourable interest rates.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the 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

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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.

iv) Capital Risk Management

The objective of the Fund'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	2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Revaluation Reserve	78,317,681	78,317,681
Retained Earnings	(22,018,608)	-
Total Funds	56,299,073	78,317,681
Less: Cash and Bank Balances	3,391,819	23,913,143
Net Debt/ (Excess Cash And Cash Equivalentents)	3,391,819	23,913,143
Gearing	0%	0%

19. Related Party Disclosures

	<i>2024/2025</i>	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	2,219,672	-
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	183,408,093	-
Total	183,408,093	-

20. Events after the Reporting Period

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

21. Ultimate And Holding Entity

The Mandera East 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.

22. Currency

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

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20. 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 and Buildings	17,249,139	3,101,230	-	20,350,369
Transport equipment	6,809,959	-	-	6,809,959
Office equipment, furniture and fittings	1,935,000	-	-	1,935,000
ICT Equipment, Software and Other ICT Assets	173,000	-	-	173,000
Other Machinery and Equipment-Purchase of solar system	1,800,000	-	-	1,800,000
Total	27,967,098	3,101,230	-	31,068,328

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

PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
Arabia Primary PMC	Equity	1000264458777	2,305	0
Aresa Pri Sch	Equity	100026381077	1,883	1,883
Barwaqo primary PMC	Equity	1000265490152	7,522	0.00
BPI Primary PMC	Equity	1000284558269	1,870	1,000
Daua Primary PMC	Equity	1000164300307	4,593	0
Duse Pri PMC	Equity	10002644299091	3,540	3,540
Figo Pri School PMC	Equity	1000265460871	630	630
Hareri intergrated pry PMC	Equity	1000285818464	2,000	0.00
Hareri Pry Sch	Equity	1000264391720	2,975	2,975
Imam Dhahabi Integ PMC	Equity	1000285449139	1,885	2,000
Kamor Girls	Equity	100080196490	800	800
Karo Primary PMC	Equity	1000265512485	1,958	1,958
Khadija Primary School PMC	Equity	1000264453164	950	950
Khairiya Integrated PMC	Equity	1000181177122	1,765	0
Khalalio Pri Sch	Equity	1000265473562	3,500	1,500
Libehiya primary PMC	Equity	1000297867816	4,426	0
Mandera Special sch for Blind PMC	Equity	1000285557416	200	0
Mandera Special sch for Deaf PMC	Equity	1000280919210	2,216	0
Neboi Pry PMC	Equity	1000164294280	1,500	1500
Odha Pry Sch	Equity	1000265508396	1,360	1,360
Omar Jillow Primary PMC	Equity	1000265528400	1,000	1,200
Sarohindi Pri Sch	Equity	1000164297367	4,596	3,596
Shafshafey primary PMC	Equity	1000271746391	256	0
Sunnah Intergrated PMC	Equity	000176616963	2,618	0
Tawakal Primary School	Equity	1000264464417	5,726	5,840.70
Umoja Primary School PMC	Equity	1000284700670	2,000	0.00
Arabia Boys Sec	Equity	1000264454661	5,678	4,253.4

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PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
Arabia Girls Sec School	Equity	1000264406570	1,188	11,188
Arabia Ward Lab Pmc	Equity	1000180780015	260	260.
Aresa Girls Sec Pmc	Equity	1000269472145	3,100	3,100.0
Barwaqo Ward Lab Pmc	Equity	1000180781076	880	880.0
Bulla Mpya Lab Pmc	Equity	1000180781238	760	760.0
Burabor Mixed Sec School PMC	Equity	1000286562273	2,000	-
Buruburu Girls	Equity	1000280772843	1,000	1,000.0
Farrey Ward Lab Pmc	Equity	1000266119317	1,681	1,681.0
Kamor Mixed Sec	Equity	1000271800994	40	40.0
Khalalio Girls Sec	Equity	1000180244116	880	880.0
Libehiya Ward Lab Pmc	Equity	1000279053177	260	260.0
Mandera Dimtu Girls Secondary	Equity	1000277445257	580	80.00
Moi girls secondary pmc	Equity	1000273781694	1,560	-
NEBOI SECONDARY SCHOOL	Equity	1000180779662	405	260.0
Neboi Ward Lab Pmc	Equity	1000180779762	260	760.0
Township Ward Lab Pmc	Equity	1000164294280	760	1,519.70
DEO Office PMC	Equity	1000179803590	565	680.00
Shafshafey Chief Office	Equity	1000180116510	880	880.00
Libehiya Chief Office	Equity	1000180169227	1,280	1,280.00
Mandera Central Police Station PMC	Equity	1000179006684	2,145	1.00
Arabia DC Office Project	Equity	1000180964782	581	(69.00)
Omarjillow Chief Office PMC	Equity	1000265528400	765	-
Rapid Police Development Unit Camp	Equity	1000181756446	639	-
Omar Jilaow - Arabia Security Road	Equity	1000180914365	685	680.00
Mandera East Constituency PMC	Equity	1000277485343	2,142	3,371.5
GRANT TOTAL			95,048	67,8450

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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)
AOG/GRO/AUD/CDF/MDR/1(15)	In emergency amount is Kshs.4,995,000 spent on putting an access road to Lebeihia Mixed Day Secondary School. However, the construction of the access road, does not qualify to be an emergency and should have been funded through a normal project that would have been properly planned and tendered for. In addition, Management did not provide	The Fund's management classified the project as an emergency following credible security threats near the school, including reports of suspected Al-Shabaab activity and sightings of masked individuals. As the newly established school lacked an access road, safety and emergency response were severely hindered. Urgent appeals from the school principal, local community, and sub-county security offices prompted the Fund to allocate emergency	Not resolved	In consultation with the Auditor as we wait to appear before DFAC

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>procurement details on how the contractor was identified. There was no list of registered contractors from where the contractor was sourced, no records on how the cost of the project was arrived at, no evaluation was done as there were no appointed committee nor minutes to support the process. In addition, there was no report on inspection and acceptance from a committee or a certificate of completion by a supervising</p>	<p>funds for road construction to safeguard lives. The contractor was selected through a request for quotation from prequalified suppliers, and the Sub-County Engineer prepared the bill of quantities used in the procurement process.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
AOG/GRO/AUD/CDF/MDR/1(15)	<p>engineer.</p> <p>Records provided for audit review revealed that the Fund Management sat on 25 of April, 2024 and approved tertiary bursary beneficiaries without deliberating on the numbers and the amount to be released bursaries. The unsigned minutes had a listing of various tertiary institutions with expected amount of payment of Kshs.14,386,000 to needy students. A sample of documents provided indicated a payment to Jomo Kenyatta university of Kshs.280,000 with an acknowledgement for Kshs.20,000, leading to an unexplained variance Kshs.260,000. Further, a payment to KMTCC for Kshs.1,358,000 had an acknowledgement for Kshs.240,000 with a variance of</p>	<p>The management can confirm to the auditors that vetting of the bursary application was with due diligence. The management can further confirm to the auditors that The NG-CDFC Mandera East has partnered with Postal Corporation of Kenya to ensure that bursary cheques were disbursed efficiently and effectively and all receipts/acknowledgements were returned to the office for accountability and recording purposes</p>	<p>Not resolved</p>	<p>In consultation with the Auditor as we wait to appear before DFAC</p>

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AOG/GRO/AUD/CDF/MDR/1(15)	<p>Kshs.1,118,000. In addition, a payment to Mount Kenya University of Kshs.4,706,000 had an acknowledgement of Kshs.1,015,000 leaving an unexplained variance of Kshs.1,118,000. There was no explanation provided to explain the variances. In addition, there was no evidence that the beneficiaries were vetted and bursaries as per the criteria provided. In awarded</p> <p>The statement of assets and liabilities as at 30 June, 2024 reflects bank balance of Kshs.23,845,293. Review of the bank reconciliation statement as at 30 June, 2024 reflected payments in cash book not in bank statement (un-presented cheques) Kshs.6,583,698. It was however, observed that Management did not provide evidence to confirm that the</p>			
		<p>The un-presented cheques mostly relates to bursary cheques which can only be attended to after 6 months of expiry. The un-presented cheques are updated on monthly basis which are evidenced in our monthly reconciliations</p>	<p>Not resolved</p>	<p>In consultation with the Auditor as we wait to appear before DFAC</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	outstanding cheques were cleared in the subsequent period. Under the circumstances, the validity and accuracy of the Cash and Bank balance could not be confirmed.			
AOG/GRO/AUD/CDF/MDR/1(15)	The summary statement of appropriation for the year under review reflects receipts total budget of Kshs. 262,811,492 and actual receipts of Kshs. 209,403,399, resulting in a budget shortfall of Kshs. 53,408,093 or 20% of the budget. Similarly, the Fund spent Kshs. 185,558,106 against an approved budget of Kshs. 262,811,492, resulting in an under-expenditure of Kshs. 77,253,386, or 29% of the budget	The under expenditure is due to late disbursement of Funds from the NGCDF board and by extension the National Treasury. Late exchequer releases by the National Treasury and NG-CDF Board is beyond the scope of the management of the Fund. These delays are attributed to factors outside the Fund's management, as they depend on the timeliness of releases from higher authorities	Not resolved	In consultation with the Auditor as we wait to appear before DFAC
AOG/GRO/AUD/CDF/MDR/1(15)	The Summary statement of appropriation for the year under review reflects receipts total	The under expenditure is due to late disbursement of Funds from the NGCDF board and by	Not resolved	In consultation with the Auditor as we wait to appear before DFAC

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	budget of Kshs. 262,811,492 and actual receipts of Kshs. 209,403,399, resulting in a budget shortfall of Kshs. 53,408,093 or 20% of the budget. Similarly, the Fund spent Kshs. 185,558,106 against an approved budget of Kshs. 262,811,492, resulting in an under-expenditure of Kshs.77,253,386, or 29% of the budget.	extension the National Treasury. Late exchequer releases by the National Treasury and NG-CDF Board is beyond the scope of the management of the Fund.		
AOG/GRO/AUD/CDF/MDR/1(15)	Included in the summary of fixed asset balance of Kshs. 27,967,098 is an amount Kshs. 17,249,139 on land and buildings. However, ownership documents for the parcel of land were not provided for audit verification and	The management confirms to the auditors that the ownership of the land where the NG-CDF office is situated, the management clarifies that the land belongs to the Survey of Kenya which has since been handed over to the County Government of Mandera, from which	Not resolved	In consultation with the Auditor as we wait to appear before DFAC

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
AOG/GRO/AUD/CDF/MDR/1(15)	<p>existence and ownership could not be confirmed. In the circumstances, the validity of the asset balances could not be confirmed.</p> <p>During the year under review, the Management allocated Kshs.174,344,760 to hundred and two (102) projects in various sectors including primary schools, secondary schools, Tertiary, security, and environment within the constituency. However, the Completed seventy-seven (77) projects at a cost of Kshs.102,156,906 while twenty-five (25) projects with a total budget of Kshs.72,187,906 had not started as at 30</p>	<p>the portion occupied by the NG-CDF office was separated. Consequently, the Mandera East NG-CDF cannot proceed with processing a title deed for the land.</p> <p>The un-implementation of these projects are due to late disbursement of Funds from the NGCDF board and by extension the National Treasury. Late exchequer releases by the National Treasury and NG-CDF Board is beyond the scope of the management of the Fund.</p>	<p>Not resolved</p>	<p>In consultation with the Auditor as we wait to appear before DFAC</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	June, 2024.			



Hussein Diriye Jimale
Fund Account Manager