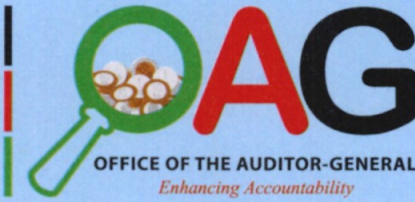
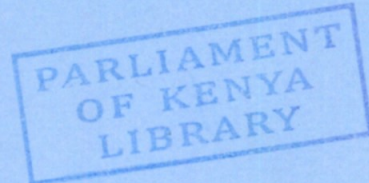



REPUBLIC OF KENYA



**REPORT**



**OF**

 <b>THE AUDITOR-GENERAL</b> THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 17 FEB 2026	DAY: TUESDAY
TABLED BY:	DEPUTY MAJORITY LEADER ON
CLERK-AT THE-TABLE:	FINLAY

**NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND – KITUTU CHACHE  
NORTH CONSTITUENCY**

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



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**KITUTU CHACHE NORTH CONSTITUENCY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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## **1. Acronyms and Definition of Key Terms**

### **A. Acronyms**

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

### **B. Definition of Key Terms**

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

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

## **2. Key Constituency Information and Management**

### **(a) Background information**

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

### **Mandate**

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

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

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

### **Vision**

Equitable Socio-economic development countrywide.

### **Mission**

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

### **Core Values**

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

## **Functions of NG-CDF Committee**

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

### **(b) Key Management**

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

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

### **Fiduciary Management**

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

No	Designation	Name
1.	AIE holder	Edwin Kimutai Rutto
2.	National Sub-County Accountant	Nickson Mogute
3.	Chairman NGCDFC	Simeon Mbaka Mose (Operations Bank Account)
4.	Member NGCDFC	Damariz Kwamboka (Deposit Bank Account)
5.	Member NGCDFC	Kennedy Bosire (Deposit Bank Account)

### **(c) Fiduciary Oversight Arrangements**

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

NG-CDF Building - Marani  
Marani Sub-County Headquarters  
KISII KENYA.

**(e) NGCDF Kitutu Chache North Constituency Contacts**

P.O. Box 4576 – 40200,  
KISII  
Telephone: (254) 720140374  
E-mail: [cdkkitutuchacheNorth@ngcdf.go.ke](mailto:cdkkitutuchacheNorth@ngcdf.go.ke)  
Website: [ngcdf.go.ke](http://ngcdf.go.ke)

**(f) NGCDF Kitutu Chache North Constituency Bankers**

1. Operations Account  
Co-operative Bank  
A/c No. 01141423029200  
Kisii Branch  
P.O. Box 2467  
**KISII**
2. Deposit Account  
Co-operative Bank  
Kisii Branch  
P.O. Box 2476  
**KISII**
3. PMC Accounts  
Co-operative Bank  
Kisii Branch  
P.O. Box 2476  
**KISII**



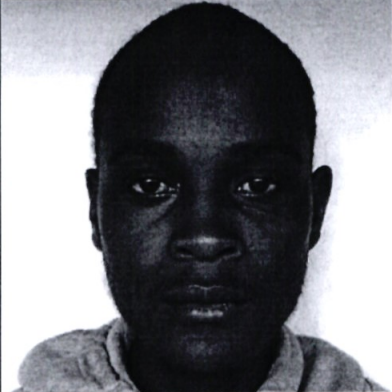
**(g) Independent Auditor**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
**NAIROBI, KENYA**

**(h) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
**NAIROBI, KENYA**

**3. NGCDF Committee**

Name	Details
 <p>Simeon Mbaka Mose Chairperson</p>	<p>Mr. Simeon Mbaka Mose was born on 1st January 1979. He has an O level qualification. He represents male adult in the committee.</p> <p>He has been a member of various school Board of Management (BOM)</p> <p>He is currently serving as chairperson of Kitutu Chache North NG-CDF Committee.</p> <p>He first joined Kitutu Chache North NG-CDF in December 2022; he is now in the second gazettement after the first term of two years lapsed in December 2024</p> <p>He has over five years' experience in Management of Public funds in schools and NG-CDF</p>
 <p>Onchieku Henry Secretary</p>	<p>Mr. Onchieku Henry was born on 16<sup>th</sup> May 1996. He has a KCSE qualification. He represents Person with Disability (PWD) in the committee.</p> <p>He first joined Kitutu Chache North NG-CDF in December 2022; He is now in the second gazettement after the first term of two years lapsed in December 2024. He is serving as the NGCDFC Secretary.</p> <p>He has over two years' experience in Management of Public funds in NG-CDF</p>
 <p>Alfred Mayieka Asuma Member</p>	<p>Mr. Alfred Mayieka Asuma was born on 16<sup>th</sup> May 1998.</p> <p>He has a KCSE qualification. He represents Male Youth adult in in the committee.</p> <p>He first joined Kitutu Chache North NG-CDF in December 2022; He is now in the second gazettement after the first term of two years lapsed in December 2024</p> <p>He has over two years' experience in Management of Public funds in NG-CDF</p>

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Mourine Michieka  
Member

Miss. Mourine Michieka was born on 25th August 1999. She has a certificate in computer studies. She represents Female Youth adult in in the committee.

She first joined Kitutu Chache North NG-CDF in December 2022; she is now in the second gazettelement after the first term of two years lapsed in December 2024

She has over two years' experience in Management of Public funds in NG-CDF



Betty Orina  
Member

Mrs. Marcleana Kerubo was born on 3<sup>rd</sup> January 1985. She has an O level qualification. She represents Female adult in in the committee.

She first joined Kitutu Chache North NG-CDF in December 2022, she is now in the second gazettelement after the first term of two years lapsed in December 2024

She has over two years' experience in Management of Public funds in NG-CDF



Damaris Kwamboka  
Member

Mrs. Damaris Kwamboka was born on 25<sup>th</sup> February 1968. She has an O level qualification. She is a co-opted member of the NG-CDF Committee.

She has served on various school Boards of Management (BOM)

She first joined Kitutu Chache North NG-CDF in December 2022, She is now in the second gazettelement after the first term of two years lapsed in December 2024.

She has over five years' experience in Management of Public funds in schools and NG-CDF

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Kennedy Bosire  
Member

Mr. Kennedy Bosire was born on 1st December 1964. He has an O level qualification. He represents male adult in the committee.

He first joined Kitutu Chache North NG-CDF in December 2022, He is now in the second gazettement after the first term of two years lapsed in December 2024

He is areligious leader, being a pastor.

She has over two years' experience in Management of Public funds in NG-CDF.



Marcleana Kerubo  
Member

Mrs. Marcleana Kerubo was born on 1st June 1979. She has an O level qualification. She represents Female adult in in the committee.

She first joined Kitutu Chache North NG-CDF in December 2022; she is now in the second gazettement after the first term of two years lapsed in December 2024

She has over two years' experience in Management of Public funds in NG-CDF



Joseph Chege  
Deputy County Commissioner

Mr, Joseph Chege was born on 12<sup>th</sup> June 1972,he has a bachelor's degree in public administration,

He has risen through the ranks from being Assistant County Commissioner being the Deputy County Commissioner Currently stationed at Marani Sub-County..

He represents the National Government in the NG-CDF Committee by virtue by virtue of him being the head of the Sub County.

He has over 25 years in public administration and management,



Edwin Kimutai  
Fund Account Manager

Mr. Edwin Kimutai Rutto was born on 24<sup>th</sup> June 1980.

He has a postgraduate qualification in Master of Business Administration (Accounting Option), Bachelor's degree in Economics and Mathematics and a Certified Public Accountant (CPA).

He is currently the Fund Account Manager seconded to Kitutu Chache North NG-CDF .

He is an ex-officio Member of Kitutu Chache North NG-CDF by virtue of being the Fund Account Manager,

Mr. Kimutai has over Seventeen years' experience in management of NG-CDF.

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



**Simeon Mbaka Mose**  
**CHAIRMAN KITUTU CHACHE NORTH NGCDFC**

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

Kitutu Chache North NG-CDF aspires to be the best constituency in utilization of NGCDF funds in meeting the objectives of the fund that eventually leads to development in the lowest level of the nation. This is achieved by the constituency through satisfying the community needs and promoting good governance in management of the fund. The establishment of the fund was centered on channeling funds to grass root communities by enabling them to implement the projects identified through public participation.

We have had notable success in implementation of projects especially those that transform lives of our community in the constituency in areas such as Education, security, climate change mitigation and bursary awards to needy students within Kitutu Chache North constituency. In the current financial year, Kitutu Chache North NG-CDF had a total budget allocation of ksh. 170,509,857 this included Ksh. 40,000 from Appropriation in Aid which was received through sale of tenders. In total, the constituency received the NG-CDF received a total of ksh.

**174,986,953.00** of which ksh. 128,000,000 relates to the just ended financial 2024-2025 whereas the remaining ksh. 46,986,953 was from the previous 2023-2024.

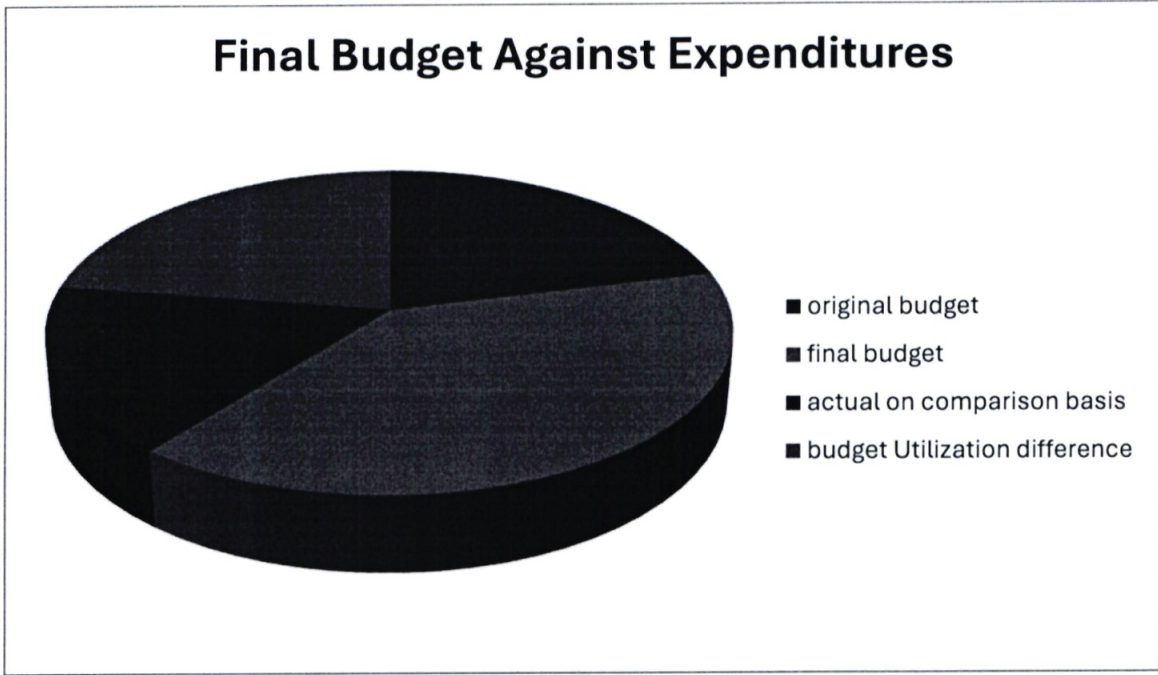
Although there was a delay in receiving the 2024-2025 funds whereby the initial disbursement of Ksh. 23,000,000 was received towards the end of second half of the financial year, the Board disbursed funds such that at the end of the financial year the constituency had received over 75% of the constituency allocation. This was remarkable given the current county's economic situation. Over half of the allocation was used in bursary awards, which we had allocated Ksh. 65,000,000, a few projects were also implemented using the funds, notably being Tambacha Primary School Single storey Project, Entanda Primary School single storey tuition block, Geturi Secondary School Single storey tuition block among others. The projects are now 100% complete. Further through the fund, Kitutu Chache North NG-CDF has ensured renovation of Deputy County Commissioner's Offices at Marani Sub County Headquarters. There has been improvement in the environmental activities that has enhanced climate change mitigation through purchase of water tanks for ten schools which has assisted schools to get water thus improving hygiene.

Although Kitutu Chache North has many success stories on NG-CDF, it has also faced challenges they include delay in disbursement of funds from the CDF Board as stated above, low capacity to implement projects by the Project Management Committees. There is need for training. The allocation by the NG-CDF Board is also not sufficient to fund all demands in the constituency. If these funds are increased a little it can spur development further.

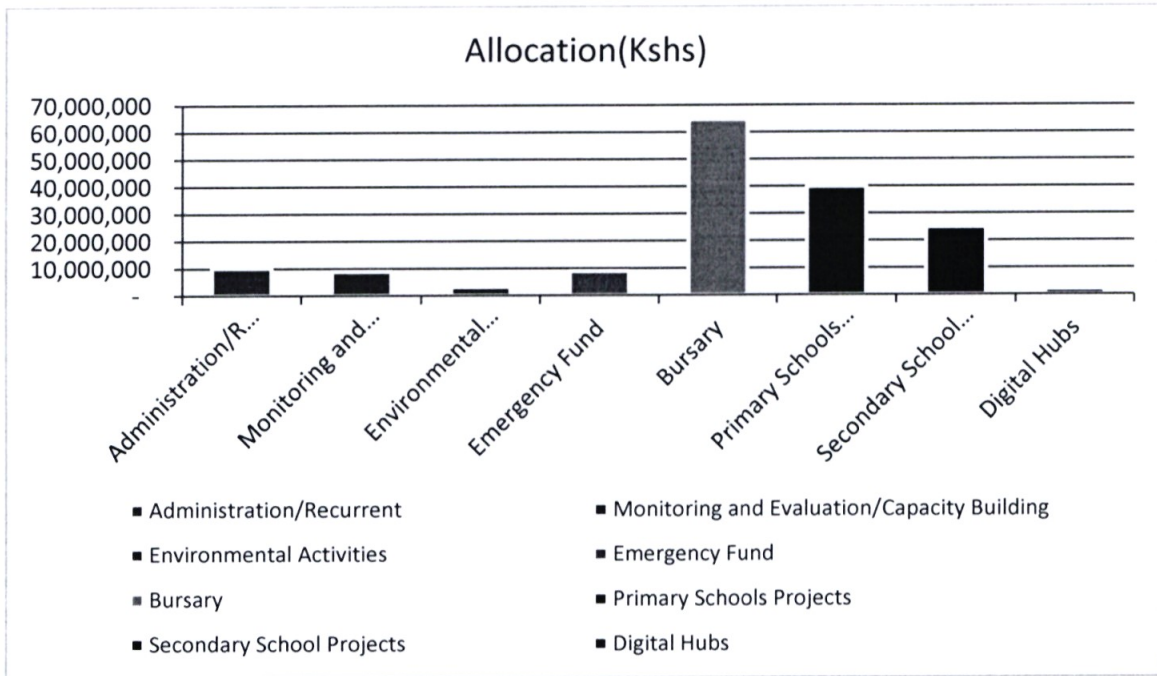
The following are graphical presentations depict constituency performance during the year.

**a. Pie chart showing utilization difference against total budget.**

Original Budget	170,509,857
Final Budget	286,112,023
Actual on Comparable Basis	<b>170,215,127</b>
Budget Utilization Difference	<b>115,896,895</b>



**b. Bar chart showing allocation of Funds to various Sectors during the financial year.**



From the above analysis the performance of Kitutu Chache North NG-CDF has been commendable given the circumstances and this was because of teamwork among the NG-CDFC and other stakeholders.

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The construction of storied classrooms reduced the pressure that the various schools were facing due to the introduction of Competence Based Curriculum (CBC) which domiciled junior secondary school to the existing primary schools

Bursaries issued to students across the constituency enabled the needy students to learn without interruptions.

**Summary of constituency expenditure during the year:**

<b>Vote head</b>	<b>Final Budget</b>	<b>Actual Expenditure</b>
Employee costs	2,366,098	1,582,456
Committee expenses	5,171,106	4,350,845
Use of Goods and Services	10,732,094	10,724,593
Other Government Units Certified Works	157,585,895	73,891,834
Other Grants and Transfers	86,125,886	78,229,450
Digital Hubs Expenses	10,917,027	-
NG-CDF Office	2,213,917	1,360,000
Funds Pending Approval**	11,000,000	-
<b>Total Expenditure</b>	<b>286,112,023</b>	<b>170,139,177</b>

From the above table, the constituency's total budget for the year was Kshs. 286,112,023. This was the constituency allocation for the year. The constituency also had pending balance from the board of Kshs. 46,986,953 and opening cashbook balance of Kshs. 67,971,282 totaling to Kshs. 286,112,022. During the year the constituency spent Kshs. 170,139,178.

**KEY ACHIEVEMENTS**

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



**Figure 1:** Entanda Primary school – Construction of 8 Classroom on a storey building.



**Figure 2: Tambacha Primary School – Construction of a single storey tuition block consisting of 8 classrooms**



**Figure 3: Geturi Secondary School – Construction of a single-storey tuition consisting of 8 classrooms**

### **Emerging issues**

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

#### **1. Restructuring of the Education Funding**

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

#### **2. Junior Secondary School**

The introduction of the Junior Secondary School through the CBC Education system has brought a lot of pressure to the existing facilities in various primary schools. There is need

for construction and equipping of new classrooms and laboratories to accommodate the students.

### **3. Inflation Rates**

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

#### **Challenges and solutions**

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

The impact of the NG-CDF kitty has been felt in the constituency, and we hope and pray that the fund lives longer and longer to impact positively more and more lives in Kenya.

#### **Way forward**

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

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

.....

**Simeon Mbaka Mose**  
**Chairman NGCDF Committee**

## 5. Statement Of Performance Against Predetermined Objectives for FY 2024/2025

### Introduction

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

The key development objectives of the *NGCDF Kitutu Chache North Constituency 2022-2027* plan are:

- a) To Improve Access to and Quality of Education in the Constituency
- b) To improve security in the Constituency
- c) To improve, coordinate and facilitate infrastructural development in Constituency
- d) To reduce poverty and inequality in the Constituency
- e) To mobilize Resources for Development in the Constituency
- f) To Build Capacity to Implement Development Projects in the Constituency
- g) To promote sports activities and prevent environmental degradation in the Constituency

### Progress on the attainment of Strategic development objectives

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

Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary	number of usable physical infrastructure build in primary, secondary,	In FY 2024/25 - we increased number of classrooms by 26 all in Primary schools, Computer laboratory in one Secondary School and 2 dining

**National Government Constituencies Development Fund (NGCDF)**  
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		schools and tertiary institutions	and tertiary institutions number of bursary's beneficiaries at all levels	halls in secondary school - Bursary beneficiaries at all levels were as per the attached schedules. Over 9,000 students in secondary school and over 5,000 in tertiary colleges were awarded bursary.
Security	To improve security in the Constituency	Improved security in the constituency	Number of usable security facilities.	In 2024/2025 two additional administrative/security offices were built /renovated during the year, Kegogi Police unit and renovation of Marani Deputy County Commissioners Office.
Environment	To prevent environmental degradation in the Constituency	Green and sustainable environment	Number of environmental projects constructed during the year	Climate change projects were implemented in the constituency. The constituency purchased water tanks for 10 schools.
Emergency	To Mitigate emergency issues arising in the constituency	To address the emergency arising in the constituency	Number of emergencies addressed	The constituency reconstructed 5 collapsed toilets in 6 primary schools and 1 secondary schools. Further renovation of 2 classrooms was done in 2 schools to address emergency

## **6. Governance Statement**

### **Background**

The National Government Constituencies Development Fund Act 2015 (Amended 2016) in section 43(1), (2), (3) and 57(1) and its regulations, provides for establishment of National Government Constituency Development Committee (NG-CDFC) for every constituency.

Further, Section 5 (1) of the regulation states that the members of a Constituency Committee provided for Appointment of under section 43(2) (b), (c) and (d) of the Act shall be selected by a members of Constituency selection panel established under paragraph (4) upon an occurrence of a vacancy in the Constituency Committee.

The officer of the board coordinated the process of nomination of the NG CDFC for onward forwarding to the board for appointment through gazette notice.

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 be the secretary of the selection panel

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

#### **a. NG-CDFC process of appointment**

The NGCDF Act 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 the 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;
- the Officer of the Board seconded to the Constituency who shall be the secretary to the selection panel; and
- Two people, one of either gender, were nominated by the Constituency office.

(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, in writing, request the clerk of the National Assembly to notify the Constituency Office to nominate two people of either gender, pursuant to section 43(2)(e) of the Act and to forward the names to the Office of the Board seconded to the Constituency.

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

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(11) 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

To facilitate this, the selection panel invited interested and qualified members of the public for appointment to the NGCDF committee. The panel invited through advertisement publicized in churches, public offices notice boards and other public areas in the constituency. The selection panel developed a shortlisting criterion which enabled picking of the nominees. Two additional nominees were proposed from Kitutu Chache North Constituency Office as per section 43 of the NG-CDF Act, 2015.

Five best NG-CDF applicants were selected taking into account age, gender, special interest groups and regional balance in accordance with section 43(2)(b)(c) and (d) of the Act

S/N	Name	Category representation	Ward
1.	Mose Simeon Mbaka	Male (Adult)	Marani
2.	Kennedy Nyarunda Bosire	Male (Adult)	Monyerero
3.	Betty Mongina Orina	Female (Adult)	Sensi
4.	Maurine Orega Michieka	Female (Youth)	Marani
5.	Marcleana Kerubo Nyamboga	Female (Adult)	Kegogi
6.	Asuma Alfred Mayaka	Male (Youth)	Monyerero

**Nominee of the person representing persons with disability**

S/N	Name	Nominating Organization	Nature of Physical Impairment	Ward
1.	Onchieku Henry Amemo	National Council Of People Living With Disability	Limping	Sensi

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

S/N	Name	Gender	Ward
1.	Damaris Kwamboka	Female	Monyerero

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The list of the selected and recommended members was forwarded to the NG\_CDF Board and were further gazetted through a gazette notice dated 21<sup>st</sup> May, 2025.

The Kitutu Chache North NG-CDFC Members were gazetted as follows

<i>S/N</i>	<i>Name</i>	<i>Category</i>	<i>Statutory Provision Under NG-CDF Act</i>
1.	Mose Simeon Mbaka	Male Adult Representative	Appointment, pursuant to Sec. 43 (2) (b)
2.	Kennedy Nyarunda Bosire	Male Adult Representative	Appointment, pursuant to Sec. 43 (2) (b)
3.	Betty Mongina Orina	Female Youth Representative	Appointment, pursuant to Sec. 43 (2) (c)
4.	Judith Otieng	Female Adult Representative	Appointment, pursuant to Sec. 43 (2) (c)
5.	Oncheku Henry Amemo	Representative of Persons Living with Disability	Appointment, pursuant to Sec. 43 (2) (d)
6.	Asuma Alfred Mayieka	Male Youth Representative	Appointment Pursuant to Sect. 43 (2)(e)
7.	Marcleana Kerubo Mayieka	Female Adult Representative	Appointment Pursuant to Sect. 43 (2)(e)

The First NG-CDFC in augural meeting was held on 28<sup>th</sup> June, 2025. The members carried out an election for the position of chairperson and the secretary of the committee. The following members were elected.

	<b>NAME</b>	<b>POSITION</b>	<b>WARD</b>
1	Mose Simeon Mbaka	Chairperson	Marani
2	Betty Mongina Orina	Secretary	Sensi

NG-CDF Regulations Section 7(6) & (7) requires that the first meeting, a Constituency Committee shall establish two sub-committees necessary for the proper performance of its functions in accordance with the guidelines issued by the Board and in establishing sub-committees. Under paragraph 5, constituency Committee shall ensure that there is equitable representation

The Committees were constituted as follows;

### 1. Bursary Sub-committee

	NAME	POSITION
1.	Sub-County Director of Education	Chairperson
2.	Edwin Kimutai	Secretary
3.	Betty Mongina Orina	Member
4.	Asuma Alfred	Member
5.	Mourine Mayieka	Member

### 2. Complaint Handling & Resolution Sub-Committee

	NAME	POSITION
1.	Kennedy N. Bosire	Chairperson
2.	Edwin Kimutai	Secretary
3.	Marcleana Kerubo	Member
4.	Damariz Kwamboka	Member
5.	Onchieku Amemo	Member

#### b. NG-CDFC Tenure

The term of office for the members of the Constituency Committee is a period of two (2) years and will be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the NG-CDF Act 2015. The current committee was gazetted in The Kenya Gazette notice no. 6462 dated 21 May 2025 with effect from 25<sup>th</sup> April, 2025 to 31<sup>st</sup> March 2027.

#### c. The Role of the Constituency Committee

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 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 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 sixty days of the end of the financial year to enable the Board to 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.

#### **d. Removal of a member**

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 who sought to be removed shall be given a fair hearing before the resolution is made. In Kitutu Chache North the NGCDFC has not found any member to have contravened the laid down regulations and law to warrant removal.

#### **Handing Over**

The handing over of the office by the outgoing NG-CDFC Committee to the Incoming committee was carried out smoothly and successfully on 6<sup>th</sup> June 2025.

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**e. NG-CDFC Induction and training**

In the financial year 2024/2025 the NGCDF Board organized training of NGCDFC members. During the training, critical areas such as public finance, project planning, procurement, complaint management, performance management were covered to equip them with the prerequisite knowledge and skills to ensure effective and efficient management of NG-CDF Kitutu Chache North.

**f. Number of meetings**

**Schedule of meetings held during FY 2024/2025**

S. No	Name of committee member	02/07/2024	26/07/2024	23/08/2024	24/08/2024	05/09/2024	29/09/2024	17/10/2024	16/11/2024	28/11/2024	07/12/2024	26/12/2025	27/01/2025	06/02/2025	19/02/2025	11/03/2025	11/04/2025	22/04/2025	20/05/2025	18/05/2025	28/06/2025
1	Simeon Mbaka Mose - Chairperson	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
2	Betty Mongina Orina - Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
3	Edwin Kimutai - Fund Account Manager	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
4	Kennedy Bosire - Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
5	Asuma Alfred - Secretary	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
6	Betty Mongina - Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
7	Marcleana Kerubo - Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
8	Joseph Chege - DCC	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
9	Maurine Michieka - Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
10	Damariz Kwamboka - Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

**f. Remuneration Rates**

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

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

**h. Disclose the policy on conflict of interest**

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

**i. Succession plan**

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

**j. Ethics and code of conduct**

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

**k. Risk Management**

Risk management has been integrated in constituency operations through the following: training of the NGCDF staff in their respective technical areas of service to ensure they carry

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out their roles efficiently, training of the NGCDFCs and the PMCs to equip them with additional knowledge to carry out their duties efficiently within their mandates and regulations. Embracing the Enterprise Risk Management system and attesting to monthly, quarterly bi-annually and annually compliance and key risk indicators questions, implementing audit findings and recommendations, adherence and compliance with NGCDF act 2015 and other laws and regulations to ensure an effective and efficient control system, ensuring that NGCDFC members are actively engaged in the projects implementations and overall fund utilization in the constituency, ensuring that the staff responsible for statutory deductions are well aware of the due dates of remittance, allocating insurance fund in the constituency budget, preparation of procurement plan, budget and Monitoring & evaluation plan for the financial year. Conducting public participation within the prescribed timelines to ensure the constituents are involved in project identification

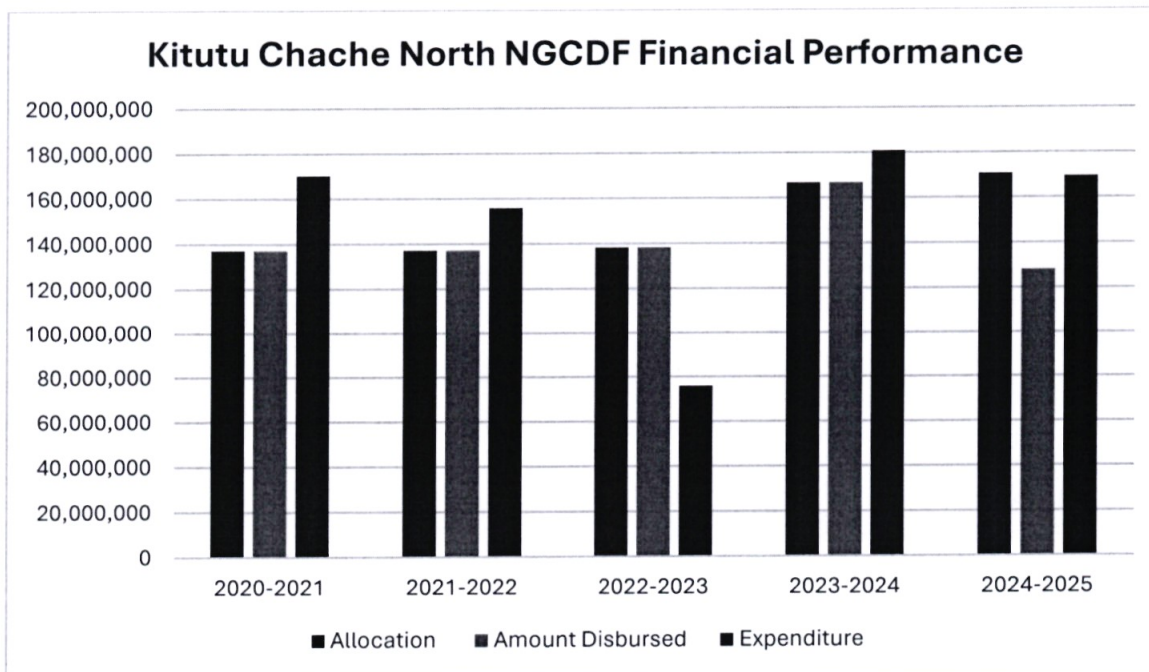
## 7. Management Discussion and Analysis

Kitutu Chache North NG-CDF management would like to provide a detailed analysis of its performance in the various areas of operation and financial as follows.

### a) Sector Performance

Kitutu Chache North NG-CDF has been operational since 2003 but would provide financial analysis for the past five years on how much the Kitutu Chache North NG-CDF has received and spend in the various critical sectors being Education and Security.

Financial Year	Allocation	Amount Disbursed	Expenditure
2020-2021	137,088,897	137,088,897	170,139,177
2021-2022	137,088,879	137,088,879	155,812,421
2022-2023	138,215,033	138,215,033	75,939,504
2023-2024	166,593,720	166,593,720	180,685,212
2024-2025	170,509,857	128,000,000	169,280,596
	<b>749,496,386</b>	<b>706,986,529</b>	<b>751,856,910</b>



From the above data, Kitutu Chache North NG-CDF has been able to receive a total of Ksh **706,989,529** as at 30.06.2025 for the last five financial years. The resources have been

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utilized to improve the various sectors in terms of infrastructure and provision of bursaries to needy students in secondary and tertiary institutions.

The table below illustrates the expenditure performance of NG-CDF in the past two years.

Financial Year	Sector	Budget	Expenditure
2024-2025	Education-Projects& Bursary	222,585,895	73,891,834
	Security Projects	7,617,340	1,500,000
2023-2024	Education-Projects& Bursary	206,458,141	121,482,715
	Security Projects	<b>10,182,340</b>	2,565,000
	<b>Total</b>	<b>446,843,716</b>	<b>268,438,083</b>

Sector	Sector Budget	Percentage
Education	429,044,036	96%
Security	17,799,680	4%

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

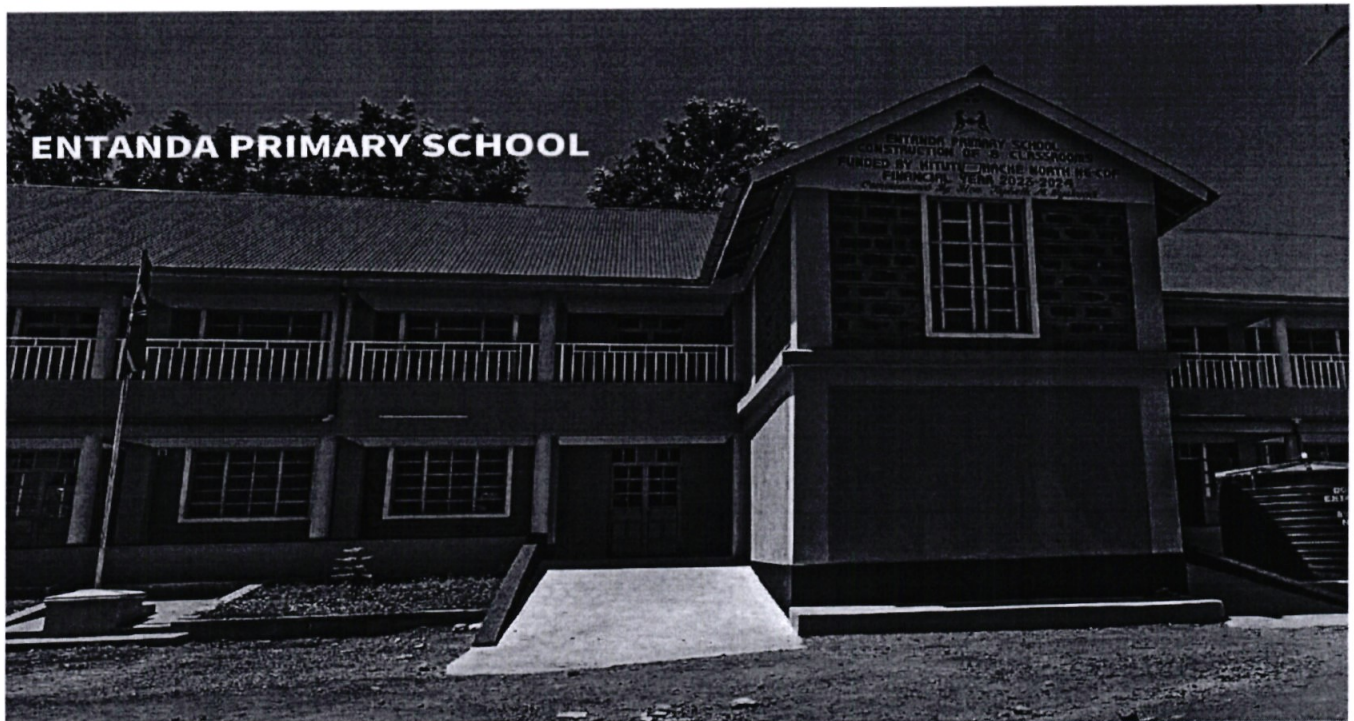
Further from the above analysis, it is important to note that the Fund has been able to serve the rural communities and be able to improve the living standards of the people, poverty eradication being one of its key objectives. The management advocates more resource allocation to further improve on its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

### **b) Key Projects**

Kitutu Chache North NG-CDF has been able to undertake key projects that will go into improving the infrastructure standards and providing opportunities to the residents of Kitutu Chache North. For instance, construction of the proposed Entanda Primary School, Tambacha

Primary School and Geturi Secondary School provided opportunities to contractors and suppliers of building materials for these major projects.

Kitutu Chache North has built many high impact projects which have provided conducive learning environment to learners. Notable the projects shows the positive sides of NG-CDF on impacting lives.



**Figure 4: Entanda Primary School – Construction of Eight Classrooms**

The completion of Kegogi Police unit in Kegogi area has provided the much-needed security for the residents of Kegogi ward, Kegogi Town and Kitutu Chache North Constituency at large.

The Fund has also been able to construct additional classrooms, computer laboratories and dining halls in the various primary and secondary schools, key among them are the complete storey buildings in; Entanda Primary School, Tambacha Primary School, Geturi Secondary School, Metembe Primary School, Itibo Boys Boarding Primary School. The storey buildings have been able to decongest the learning space for the students and provide conducive working area for the teachers and administrators of the schools. They have also reduced the pressure on additional land for the institutions, which has been a great challenge.

Apart from the key projects indicated above, Kitutu Chache North NG-CDF has equally provided infrastructure to various institutions across the constituency including the recent matching fund arrangement with the Ministry of Education to construct Junior Secondary School classrooms.

**c) Compliance with statutory requirements.**

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

For instance, schedule four of the Constitution 2010 outlined the roles of National Government and County Government and in no instance has Kitutu Chache North been cited for non-compliance.

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

**d) Review of the Economy, Sector and Future Developments**

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

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

With the intention to entrench the Fund in the Kenyan Constitution, there is a good chance that in the future the Fund will grow and be able to spur more economic growth at the

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constituency level. Kitutu Chache North NG-CDF has put in place mechanisms through its strategic plan to ensure more projects are implemented within the next three years.



.....  
**Edwin Kimutai**  
**Fund Account Manager**

## **8. Environmental and Sustainability Reporting**

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

In this regard, the constituency through the NG-CDFC allocated sufficient funds towards planting trees in most public Institutions as a response to sustainable environmental conservation

### **1. Sustainability strategy and profile -**

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

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

## **2. Environmental performance**

Environmental matters relate to mitigation of the climate change effects that has been put forward as a government agenda. The recent amendment of NGCDF Act 2015 to increase the allocation to climate change mitigation activities from 2% to 5% has ensured this objective is achieved through the NGCDF Fund. Kitutu Chache North NG-CDF in its 2024-2025 planted seedling in 13 public institutions.

## **3. Employee welfare**

We invest in providing the best working environment for our employees. Kitutu Chache North 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. Kitutu Chache North 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-**

Kitutu Chache North 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-**

Kitutu Chache North 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**

Kitutu Chache North Constituency deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituents, considering the

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

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

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

### **Public Awareness**

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

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



.....  
**Edwin Kimutai**  
**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- Kitutu Chache North 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- Kitutu Chache North 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- Kitutu Chache North Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF Kitutu Chache North 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 – Kitutu Chache North Constituency financial statements were approved and signed by the Accounting Officer on 30.08 2025.



.....  
**Simeon Mbaka Mose**  
**Chairman – NGCDF Committee**



.....  
**Edwin Kimutai**  
**Fund Account Manager**

# REPUBLIC OF KENYA

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

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on 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, the risk management environment and the 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 the National Government Constituencies Development Fund - Kitutu Chache North Constituency set

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

out on pages 1 to 56, which comprise of the statement of assets and liabilities as at 30 June, 2025, and the statement of receipts and payments, statement of cash flows and a summary statement of appropriation 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-Kitutu Chache North Constituency at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the National Constituencies Development Fund Act, 2015 (Amended 2022), the Public Finance Management Act, 2012, and The National Treasury and Economic Planning Circular No. 3 of 14 April, 2025.

### **Basis for Qualified Opinion**

#### **1.0. Non-Compliance with Financial Reporting Framework**

The National Sub-County Accountant did not indicate his ICPAK number in the financial statements as required by the prescribed financial reporting template in accordance with Section 81(3) of the Public Finance Management Act, 2012.

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

#### **2.0. Inaccuracies and Anomalies in the Financial Statements**

The statement of financial performance reflects other grants and transfers actual expenditure of Kshs.79,739,450 which, as disclosed in Note 14 to the financial statements, includes an amount of Kshs.1,360,000 described as others specify". Information provided indicated that the latter amount was incurred on the renovation of the NG-CDF Office and, therefore, was a capital expenditure which ought to have been disclosed as acquisition of assets.

Further, the statement of financial position reflects revaluation reserves balance of Kshs.113,384,920. However, as reported in the statement of changes in net assets, the balance relates to accumulated surplus. No explanation was provided for the different treatment of the balance.

In addition, the statement of financial position reflects third party deposits and gratuity provision balances of Kshs.1,562,600 and Kshs.1,025,325 respectively, totalling Kshs.2,587,925. However, as disclosed in Note 19 to the financial statements on cash and cash equivalents, the Deposits Bank Account balance was Kshs.605,650, resulting in an unreconciled variance of Kshs.1,982,275.

Similarly, the statement of changes in net assets reflects recognition of assets balance as at 1 July, 2024 balance of Kshs.47,630,884, while the statement of financial position shows a corresponding assets balance of Kshs.115,602,166, resulting in an unexplained variance of negative Kshs.67,971,282.

Additionally, the notes to the statement of changes in net assets are guiding instructions from the prescribed reporting template, which ought to have been deleted or customized.

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

### **3.0. Unsupported Bursary Disbursements**

The statement of financial performance, and as disclosed in Note 14 to the financial statements, reflects other grants and transfers actual expenditure amount of Kshs.79,739,450. Included in this amount is Kshs.64,716,500 spent on bursaries for students in secondary schools and tertiary institutions. However, review of a sample of bursary receipts amounting to Kshs.47,739,500 revealed that only an amount of Kshs.31,101,000 (65%) were acknowledged, leaving a balance of Kshs.16,638,500 (35%) unacknowledged by the beneficiaries' schools and institutions. This casts doubt on whether the Kshs.16,638,500 reached the intended beneficiaries.

In the circumstances, the accuracy, completeness and regularity of bursaries amounting to Kshs.16,638,500 could not be confirmed.

### **4.0. Cash and cash Equivalents**

#### **4.1. Inadequately Supported Bank Balances**

The statement of financial position, and as disclosed in Note 19 to the financial statements, reflects cash and cash equivalents balance of Kshs.73,462,989. Included in the balance are Deposit Account balance of Kshs.605,650 and PMC accounts balances totalling to Kshs.2,870,488, whose supporting bank reconciliation statements, cash books, bank statements and bank confirmation certificates were not provided for audit.

#### **4.2. Failure to Return Project Management Committee Balances**

Preview of Annex 2 – PMC Bank Balances - revealed that PMC balances of Kshs.640,705 were not returned to NG-CDF Main account and had been outstanding for over two (2) years, contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2012 (Amended 2022), which states that all unutilized funds of the Project Management Committee shall be returned to the constituency account.

#### **4.3. Weaknesses in Recording and Management**

Review of internal controls over cash and cash equivalents revealed the following weaknesses:

- i. The Fund operated only one operations bank account and cash book which captured both revenues and expenditures entries;
- ii. There was no evidence that copies of bank reconciliation statements were sent to the relevant authorities on a timely basis in line with the law;
- iii. No system generated cash books and ledgers were provided for audit review;
- iv. During the year under review, the cash book and bank reconciliation statements were not reviewed by a senior accountant or officer to enhance internal checks;
- v. The Fund's cash book was manual and not regularly updated hence, was prone to errors, inaccuracies and possible manipulations of figures and single entry;

In the circumstances, the accuracy and completeness of cash equivalents balance of Kshs.73,462,989.

#### **5.0. Unconfirmed Fixed Assets Balance**

Annex 1 on summary of fixed asset register reflects assets balance of Kshs.25,259,478 which differs with with asset values totalling Kshs.24,488,248 recorded in the fixed assets register provided for audit, resulting in an unreconciled variance of Kshs.771,230.

Further, the balance of Kshs.25,259,478 includes buildings and structures balance of Kshs.15,816,348 which excludes an amount of Kshs.1,360,000 incurred on the renovation of NG-CDF office, which was misclassified under other grants and transfers actual expenditure. In addition, excluded from the balance of Kshs.25,259,478 is unknown value of land occupied by the NG-CDF office.

In addition, ownership documents for the land occupied by the NG-CDF office and motor vehicle owned by the Fund were not provided for audit.

Similarly, there was no evidence that Management had insured its assets against foreseeable risks as required by Section 36 (3) of the National Government Constituencies Development Fund Act, 2015 (amended 2022).

It was also noted that most of the assets were not tagged and asset movement's registers was not kept.

In the circumstances, the accuracy, valuation, ownership and completeness of the fixed assets balance of Kshs.25,259,478 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 - Kitutu Chache North Constituency Management in accordance with ISSAI 130 on 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 revenue budget and actual on comparable basis amount of Kshs.286,112,022 and actual receipts of Kshs.243,602,166, resulting in under-funding of Kshs.42,509,856 or 15% of the budget. Similarly, the Fund spent Kshs.170,139,178 out of the actual receipts of Kshs.243,602,166, resulting in an underutilization of Kshs.73,462,989 or 30%.

Further, review of the budget execution by sectors and projects revealed digital hub expenses budget amount of Kshs.8,917,027 which was not utilized, un-approved expenditure or over-expenditures on nine (9) projects amounting to Kshs.8,307,262 and fifty-seven (57) approved projects with budgetary allocations totalling Kshs.53,196,344 which were not implemented.

The underfunding, underutilization of available funds and non-utilization of approved budget affected the planned activities and may have impacted negatively on service delivery to the public.

### Key Audit Matters

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

### Other Matter

#### Unresolved Prior Year Audit Matters

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

S/No.	Financial Year	Audit Issue
1	2023/2024	Accuracy of the Financial Statements
2	2023/2024	Unsupported Bursary
3	2023/2024	Failure to Return Project Management Committee Balances
4	2023/2024	Budgetary Control and Performance

### Other Information

The Management is responsible for the Other Information, which comprises the NG-CDF Chairman's statement, Statement of Performance Against Predetermined Objectives, Governance Statement, Environmental and Sustainability Reporting Statement and

Statement of Management Responsibilities. The Other Information does not include the financial statements and my auditor's report thereon.

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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**

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 are in 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 and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements which 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 to as a going concern, disclosing as applicable, matters relating to going concern and using 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 complies with the authorities which govern them, and that public resources are applied in an effective way.

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

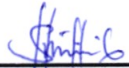
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**11. Statement of Financial Performance for the Year Ended 30th June 2025**


	Note	FY 2024/2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the NGCDF Board	6	170,509,857
Transfers from domestic and foreign partners	7	-
<b>Revenue from exchange transactions</b>		
Finance income	8	-
Miscellaneous income	9	-
<b>Total revenue</b>		<b>170,509,857</b>
<b>Expenses</b>		
Employee costs	10	2,040,156
Committee expenses	11	4,350,845
Use of Goods and Services	12	10,722,593
Other Government Units Actual expenditure	13	75,304,434
Other Grants and Transfers Actual expenditure	14	79,739,450
Depreciation and amortization expense	15	-
Digital Hubs Expenses Actual expenditure	16	-
<b>Total expenses</b>		<b>172,157,477</b>
<b>Other gains/(losses)</b>		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
<b>Surplus/(Deficit) for the year</b>		<b>(1,647,620)</b>

The Constituency financial statements were approved by the NGCDFC on 30.08. 2025

and signed by:

  
\_\_\_\_\_  
Chairman NG-CDF  
Committee  
Simeon Mbaka Mose

  
\_\_\_\_\_  
National Sub-County  
Accountant  
Nickson Mogute  
ICPAK M/No:

  
\_\_\_\_\_  
Fund Account Manager  
Edwin Kimutai

*National Government Constituencies Development Fund (NGCDF)*  
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**12. Statement of Financial Position as at 30<sup>th</sup> June, 2025**

	Note	2024/2025	Opening Statement 1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	19	73,462,989	68,615,213
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	42,509,857	46,986,953
Prepayments	22	-	-
<b>Total Current Assets</b>		<b>115,972,845</b>	<b>115,602,166</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	23	-	-
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
<b>Total Non- Current Assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets (A)</b>		<b>115,972,845</b>	<b>115,602,166</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	26	-	-
Third Party Deposits	27	1,562,600	-
Lease Liabilities	28	-	-
Gratuity Provision	29	1,025,325	569,625
<b>Total Current Liabilities</b>		<b>2,587,925</b>	<b>569,625</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities	28	-	-
<b>Total Liabilities (B)</b>		<b>2,587,925</b>	<b>569,625</b>
<b>Net Assets (A-B)</b>		<b>113,384,920</b>	<b>115,032,541</b>
<b>Represented by:</b>			
Revaluation Reserves		113,384,920	115,032,541
Accumulated Surplus			
<b>Total Net Assets</b>		<b>113,384,920</b>	<b>115,032,541</b>

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The Constituency financial statements set out on pages 1 to 18 approved by NG CDFC on 30.08 2025 and signed by:



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**Chairman NG-CDF  
Committee  
Simeon Mbaka Mose**



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**National Sub-County  
Accountant  
Nickson Mogute  
ICPAK M/No:**



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**Fund Account Manager  
Edwin Kimutai**

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

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
<b>Fund Balance as at 30<sup>th</sup> June 2024</b>		67,971,282	67,971,282
<b>Adjustments</b>			
Recognition of Assets		47,630,884	47,630,884
Recognition of Liabilities		(569,625)	(569,625)
<b>As at July 1, 2024</b>		115,032,541	115,032,541
Surplus/(Deficit) For the Period		(1,647,620)	(1,647,620)
Revaluation Gain/Loss	-	-	-
<b>As at June 30, 2025 (current year)</b>		<b>113,384,920</b>	113,384,920

Note:

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

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

	Notes	2024/2025
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the NGCDF Board		174,986,953
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
<b>Total Receipts</b>		<b>174,986,953</b>
<b>Payments</b>		
Employee costs		1,582,456
Committee expenses		4,350,845
Use of Goods and Services		10,722,543
Other Government Units Certified Works		73,891,834
Other Grants and Transfers		79,591,500
Digital Hubs Expenses		-
<b>Total Payments</b>		<b>170,139,177</b>
<b>Net Cash Flows from/ (used in) Operating Activities</b>	30	<b>4,847,776</b>
<b>Cash flows From Investing Activities</b>		
Purchase of PPE		-
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
<b>Net Cash Flows from Investing Activities</b>		<b>-</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>4,847,776</b>
<b>Cash Flows from Financing Activities</b>		
Lease Payment		-
<b>Net Cash Flows from Financing Activities</b>		<b>4,847,776</b>
Cash and cash equivalents at 1 July	19	68,615,213
<b>Cash and cash equivalents at 30 June</b>	19	<b>73,462,989</b>

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
	Ksh	Ksh		Ksh	Ksh	Ksh	
	a	b		c=(a+b)	d	e=(c-d)	f=d/c*100
	FY 2024/2025	Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding disbursements	FY 2024/2025	FY 2024/2025		
<b>Revenue</b>							
Transfers From the NGCDF Board	170,509,857	68,615,213	46,986,953	286,112,022	243,602,166	42,509,857	85
Grants/donations from other entities	-	-	-	-	-	-	
Finance income	-	-	-	-		-	
Miscellaneous income	-	-	-	-		-	
<b>Totals</b>	<b>170,509,857</b>	<b>68,615,213</b>	<b>46,986,953</b>	<b>286,112,022</b>	<b>243,602,166</b>	<b>42,509,857</b>	<b>85</b>
<b>Expenses</b>							
Employee costs	2,179,800	186,298	-	2,366,098	1,582,456	783,642	67

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Committee expenses	3,775,000	641,106	-	4,416,106	4,350,845	65,261	<b>99</b>
Use of Goods and Services	11,391,087	96,007	-	11,487,094	10,722,543	764,551	<b>93</b>
Other Government Units Certified Works	65,000,000	45,598,942	46,986,953	157,585,895	73,891,834	83,694,061	<b>47</b>
Other Grants and Transfers	77,163,970	12,281,916	-	89,445,886	79,591,500	9,854,386	<b>89</b>
Digital Hubs Expenses	-	8,917,027	-	8,917,027	-	8,917,027	<b>0</b>
Acquisition of assets	-	853,917	-	853,917	-	853,917	<b>0</b>
Funds Pending Approval**	11,000,000	40,000	-	11,040,000	-	11,040,000	<b>0</b>
<b>Total Expenditure</b>	<b>170,509,857</b>	<b>68,615,213</b>	<b>46,986,953</b>	<b>286,112,022</b>	<b>170,139,177</b>	<b>115,972,845</b>	<b>59</b>
<b>Surplus for the period</b>	-	-	-	-	73,462,989	(73,462,989)	

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

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**Explanatory Notes.**

Transfers From the NGCDF Board, Employee costs, Committee expenses, Other Government Units Certified Works, Other grants and transfers and Acquisition of Assets *were below 90% in utilization because the constituency had not received total allocation for the year and therefore some projects had not been funded while other were ongoing and had not been fully paid for..*

<b>Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities</b>	
<b>Description</b>	<b>Amount</b>
Budget utilisation difference totals	115,972,846
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2025	42,509,857
Cash and Cash Equivalents at the end of the 30 <sup>th</sup> June 2025	73,462,989

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 30.08, 2025 and signed by:




Fund Account Manager

Edwin Kimutai



National Sub-County Accountant

Nickson Mogute  
ICPAK M/No:



Chairman NG-CDF Committee

Simeon Mbaka Mose

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**16. Budget Execution by Sectors And Projects For The Year Ended 30<sup>th</sup> 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
<b>1.0 Administration and Recurrent</b>						
1.1 Compensation of employees	2,179,800	186,298	-	2,366,098	1,582,456	783,642
1.2 Committee allowances	2,350,000	450,228	-	2,800,228	2,350,845	449,383
1.3 Use of goods and services	8,600,000	46,250	-	8,646,250	8,587,463	58,787
<b>Sub-total</b>	<b>13,129,800</b>	<b>682,776</b>	<b>-</b>	<b>13,812,576</b>	<b>12,520,764</b>	<b>1,291,812</b>
<b>2.0 Monitoring and evaluation</b>						
2.1 Capacity building	972,191	31,523	-	1,003,714	1,000,000	3,714
2.2 Committee allowances	1,125,000	190,878	-	1,315,878	1,000,000	315,878
2.3 Use of goods and services	2,118,896	18,234	-	2,137,130	2,137,130	-
<b>Sub-total</b>	<b>4,216,087</b>	<b>240,635</b>	<b>-</b>	<b>4,456,722</b>	<b>4,137,130</b>	<b>319,592</b>
<b>3.0 Emergency</b>	293,148	(1,022,594)	-	(729,446)	-	-
MONYERERO PRIMARY SCHOOL	615,800	-	-	615,800	615,800	-

*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
Engotogoti Primary School	402,800	-	-	402,800	402,800	-
Gesiaka A.P Line	614,600	-	-	614,600	614,600	-
Entanda Primary School	401,800	-	-	401,800	401,800	-
Itibo Pag Primary School	598,200	-	-	598,200	598,200	-
Rioma Secondary School	598,500	-	-	598,500	598,500	-
Marani Ng-Cdf Office	380,000	-	-	380,000	380,000	-
Nyansakia Primary School	597,550	-	-	597,550	597,550	-
Kionganyo Primary School	370,300	-	-	370,300	370,300	-
Isanta Primary School	499,800	-	-	499,800	499,800	-
Engoto Primary School	499,800	-	-	499,800	499,800	-
Engotgoti Primary School	499,800	-	-	499,800	499,800	-
Maroma Primary School	400,000	-	-	400,000	400,000	-
Marani NG-CDF Office	500,000	-	-	500,000	500,000	-
Geturi Primary School	500,000	-	-	500,000	500,000	-
riakerongo Primary School	600,000	-	-	600,000	600,000	-
Kioge Primary School	600,000	-	-	600,000	600,000	-
<b>Sub-total</b>	<b>8,972,098</b>	<b>(1,022,594)</b>	<b>-</b>	<b>7,949,504</b>	<b>8,678,950</b>	<b>(729,446)</b>

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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 Disbursement			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>4.0 Bursary and Social Security</b>			-			
5.1 Primary Schools	-	-	-	-	-	-
5.2 Secondary Schools	41,000,000		-	41,000,000	40,083,500	916,500
5.3 Tertiary Institutions	24,000,000	3,998,534	-	27,998,534	24,633,000	3,365,534
5.4 special needs	-	-	-	-	-	-
5.5 Education Support Programmes	-	-	-	-	-	-
5.6 Social Security	-	-	-	-	-	-
<b>Sub-total</b>	<b>65,000,000</b>	<b>3,998,534</b>	-	<b>68,998,534</b>	<b>64,716,500</b>	<b>4,282,034</b>
<b>5.0 Sports</b>	-	-	-	-	-	-
Sports Activities	-	179,770	-	179,770	-	179,770
<b>Sub-total</b>	-	<b>179,770</b>	-	<b>179,770</b>	-	<b>179,770</b>
<b>6.0 Environment</b>						
Gesangero Primary School	245,529	-	-	245,529	-	245,529
Geturi Primary School	245,529	-	-	245,529	-	245,529
Maagonga Primary School	245,529	-	-	245,529	-	245,529
Manyansi Primary School	245,529	-	-	245,529	-	245,529
Marani Primary School	245,524	-	-	245,524	-	245,524

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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
Mesaria Primary School	245,529	-	-	245,529	-	245,529
Motonto Primary School	245,529	-	-	245,529	-	245,529
Ngokoro Primary School	245,529	-	-	245,529	-	245,529
Nyabikondo Primary School		(600,000)	-	(600,000)	691,000	(1,291,000)
Nyabworoba Primary School	245,529	-	-	245,529	-	245,529
Nyagonyi Primary School	245,529	-	-	245,529	-	245,529
Nyakome Primary School		(600,000)	-	(600,000)	691,000	(1,291,000)
Nyamokenye School	245,529		-	245,529	-	245,529
Nyansakia Primary School		(600,000)	-	(600,000)	-	(600,000)
Omogumo Primary School	245,529		-	245,529	-	245,529
Samogara Primary School		(600,000)	-	(600,000)	691,000	(1,291,000)
Sensi Primary School	245,529		-	245,529	-	245,529
Environmental Activities	-	548,866	-	548,866	-	548,866
<b>Sub-total</b>	<b>3,191,872</b>	<b>(1,851,134)</b>	<b>-</b>	<b>1,340,738</b>	<b>2,073,000</b>	<b>(732,262)</b>
<b>7.0 Primary Schools Projects</b>						
Engoto PAG Primary School	-		-	-		-
Engoto PAG Primary School	-	3,940,568	-	3,940,568	3,613,974	326,594

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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
Entanda Girls Boarding Primary School	-	1,500,000	-	1,500,000	-	1,500,000
Entanda Primary School	10,000,000		10,000,000	20,000,000	13,750,000	6,250,000
Eramba Mission Primary School	-	600,000	-	600,000	1,442,000	(842,000)
Gesangora Primary School	-		10,000,000	10,000,000	400,000	9,600,000
Getionko 1 Primary School	-	2,000	-	2,000	-	2,000
Getionko 1 Primary School	-	2,000	-	2,000	-	2,000
Itumbe Primary School	-	1,484,748	-	1,484,748	1,482,000	2,748
Kenयो Primary School	-		1,484,748	1,484,748	1,482,000	2,748
Kioge SDA Primary School	-		1,484,747	1,484,747	1,482,000	2,747
Magenā Primary School	5,000,000		-	5,000,000	-	5,000,000
Masakwe Primary School	-	4,000	-	4,000	-	4,000
Metembe Primary School	-	1,484,748	-	1,484,748	1,482,000	2,748
Motonto Primary School	-	-	1,484,747	1,484,747	1,482,000	2,747
Ngenyi D.O.K. Primary School	-	-	1,484,747	1,484,747	1,482,000	2,747
Nyagiti Primary School	5,000,000	-	-	5,000,000	-	5,000,000
Nyakeyo Primary School	5,000,000	-	1,484,748	6,484,748	1,482,000	5,002,748

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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
Nyakome Special School	-	928,861	-	928,861	-	928,861
Nyandiba Primary School	-	-	-	-	600,000	(600,000)
Nyandiba Primary School	-	465,862	-	465,862	-	465,862
Nyansaga Primary School	5,000,000	1,534,748	-	6,534,748	1,482,000	5,052,748
Nyansakia Primary School	-	1,484,747	-	1,484,747	1,482,000	2,747
Samogara Primary School	-	-	1,484,748	1,484,748	1,482,000	2,748
Sensi Primary School	-	3,225	-	3,225	-	3,225
Sensi Primary School	-	-	1,484,747	1,484,747	1,482,000	2,747
St. Annes Getare Primary School	-	831,026	653,721	1,484,747	1,482,000	2,747
Tambacha Primary School	10,000,000	10,000,000	-	20,000,000	14,595,400	5,404,600
Ragogo Primary School	-	1,000,000	-	1,000,000	999,980	20
Engotogoti DOK Primary School	-	37,723	-	37,723	-	37,723
Getionko I DEB Primary School	-	3,786	-	3,786	-	3,786
Marani DOK Primary School	-	78,713	-	78,713	-	78,713
Masakwe Primary School	-	555	-	555	-	555

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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
Monyerero PAG Primary School	-	15,125	-	15,125	-	15,125
Nyabworoba Secondary School	-	3,522	-	3,522	-	3,522
Nyamokenye DEB Primary School	-	2,674	-	2,674	-	2,674
Nyansakia Special School	-	2,475	-	2,475	-	2,475
<b>Sub-total</b>	<b>40,000,000</b>	<b>25,411,106</b>	<b>31,046,953</b>	<b>96,458,059</b>	<b>53,185,354</b>	<b>43,272,705</b>
<b>8.0 Secondary Schools Projects (List all the Projects)</b>	-					
Engoto Secondary School	-	-	-	-	-	-
Entanda Secondary School	-	1,500,000	-	1,500,000	-	1,500,000
Eramba Secondary School	-	440,000	-	440,000	-	440,000
Gamba secondary school-	-	-	1,240,000	1,240,000	999,500	240,500
Gesabakwa Secondary School	10,000,000	-	-	10,000,000	-	10,000,000
Geturi Secondary School	10,000,000	2,300,000	10,000,000	22,300,000	14,979,000	7,321,000
Itibo Boys High School	-	-	2,500,000	2,500,000	-	2,500,000
Itibo Boys Secondary School	-	100,000	-	100,000	-	100,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Kenyoro Secondary School	-	1,590,000	-	1,590,000	-	1,590,000
Manyansi Secondary School	-	190,000	-	190,000	-	190,000
Marani Girls Secondary School	-	-	-	-	-	-
Mesaria Secondary School	-	300,000	-	300,000	-	300,000
Motonto Secondary School	-	-	1,000,000	1,000,000	990,000	10,000
Ngenyi Girls Secondary School	-	500,000	-	500,000	-	500,000
Nyagesenda Secondary School	-	95,976	-	95,976	-	95,976
Nyagonyi Secondary School	-	-	1,200,000	1,200,000	1,198,000	2,000
Nyagoto Secondary School	-	2,328,660	-	2,328,660	-	2,328,660
Nyakeyo Secondary School	-	450,000	-	450,000	-	450,000
Nyakome Secondary School	-	850,000	-	850,000	-	850,000
Nyakooora Secondary School	-	3,203,200	-	3,203,200	-	3,203,200
Nyankanda Secondary School	-	1,500,000	-	1,500,000	-	1,500,000
Nyansakia Secondary School	-	100,000	-	100,000	-	100,000
Nyasore Secondary School	-	1,000,000	-	1,000,000	500,000	500,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Rioma Secondary School	5,000,000		-	5,000,000	-	5,000,000
Sensi Secondary School	-	2,000,000	-	2,000,000	-	2,000,000
St. John's Metembe Secondary School	-	500,000	-	500,000	490,000	10,000
Tambacha Secondary School	-	240,000	-	240,000	550,000	(310,000)
Nyabworoba Secondary School	-	1,000,000	-	1,000,000	999,980	20
<b>Sub-total</b>	<b>25,000,000</b>	<b>20,187,836</b>	<b>15,940,000</b>	<b>61,127,836</b>	<b>20,706,480</b>	<b>40,421,356</b>
<b>9.0 Tertiary institutions Projects (List all the Projects)</b>						
<b>Sub-total</b>	-	-	-	-	-	-
<b>10.0 Security Projects</b>						
Gesieka Administration Police	-	2,511,000	-	2,511,000	1,411,000	1,100,000
Kegogi Administration Police	-	406,340	-	406,340	-	406,340
Matongo Chief's Office	-	500,000	-	500,000	-	500,000
Megogo Chief's Office	-	300,000	-	300,000	-	300,000
Mwagichana Chief's Office	-	600,000	-	600,000	-	600,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Mwakibagendi Chief's Office	-	300,000	-	300,000	-	300,000
Ngenyi Divisional Headquarters	-	2,500,000	-	2,500,000	-	2,500,000
Rioma Police Station	-	500,000	-	500,000	-	500,000
Marani D.C.C Office	-	-	-	-	1,350,000	(1,350,000)
Sub-total	-	7,617,340	-	7,617,340	2,761,000	4,856,340
11.0 Acquisition of assets						
12.1 Motor Vehicles (including motorbikes)			-	-		-
12.2 Purchase of furniture and fittings				-		-
12.2 Renovation of CDF office		2,213,917		2,213,917	1,360,000	853,917
Sub-total	-	2,213,917	-	2,213,917	1,360,000	853,917
12.0 Digital Hubs						
Marani Digital Hub- (marani ward)- Basic		8,917,027	-	8,917,027		8,917,027

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Innovation Hub				-	-		-
Sub-total		-	8,917,027	-	8,917,027	-	8,917,027
13.0 Others							
Strategic Plan			2,000,000	-	2,000,000		2,000,000
Sub-total		-	2,000,000	-	2,000,000	-	2,000,000
Funds pending approval**							-
unapproved projects	<b>11,000,000</b>		-		11,000,000		11,000,000
AiA	-		40,000		40,000		40,000
Sub-total	<b>11,000,000</b>		40,000	-	11,040,000	-	11,040,000
Total	<b>170,509,857</b>	68,615,213	46,986,953	286,112,022	170,139,177		115,972,845

*(NB: This statement is a disclosure statement indicating the utilization in the same format as the entity's budgets which are program-based. This statement totals should tie to the totals of the Statement of Comparison of Budget and Actual Amounts)*

## **17. Notes to the Financial Statements**

### **1. General information**

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NG-CDF Act 2015 (amended 2023). The NG-CDF is wholly owned by the Government of Kenya and is domiciled in Kenya. The NG-CDF Kitutu Chache North Constituency principal activity is service delivery through improvement of infrastructure and provision of bursaries to needy students within the constituency.

### **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 Kitutu Chache North 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 Kitutu Chache North 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,

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and equipment (PPE); and intangible assets acquired during the financial year 2023/2024 up to the reporting date.

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

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

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

**3. Adoption of New and Revised Standards**

- 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.*

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

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and Equipment	<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>Not Applicable</p>
IPSAS 46: Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Not Applicable</p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles</p>

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

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*iii. Early adoption of standards*

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

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

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

##### **Transfers from other government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

**b) Budget information**

The original budget was approved by Parliament on 24 June 2024 for the period 1<sup>st</sup> July 2024 to 30<sup>th</sup> June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

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

**c) Property, plant and equipment**

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

**d) Leases**

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

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

**e) Intangible assets**

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

**f) Financial instruments**

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

**a) Financial assets**

**Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

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

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

### **Trade and other receivables**

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

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

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

### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 18*

### **b) Financial liabilities**

#### **Classification**

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

### **g) Inventories**

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

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

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

operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

#### **h) Provisions**

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

#### **i) Social Benefits**

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

#### **j) Contingent liabilities**

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

#### **k) Contingent assets**

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

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

#### **l) Employee benefits**

##### **Retirement benefit plans**

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

##### **m) Foreign currency transactions**

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

**n) Related parties**

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

**o) Cash and Cash Equivalents**

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

**p) Comparative figures**

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

**q) Subsequent events**

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

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

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

### **Estimates and assumptions.**

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

### **Useful lives and residual value**

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

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

### **Provisions**

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

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**6. Transfers from the NGCDF Board**

Description	<i>FY 2024/2025</i>
	<b>Kshs</b>
NGCDFB Transfers (Allocation for the FY)	170,509,857
<b>Total</b>	<b>170,509,857</b>

**7. Transfers from domestic and foreign partners**

Description	<i>FY 2024/2025</i>
	<b>Kshs</b>
Grants	-
<b>Total</b>	<b>-</b>

**8. Finance income**

Description	<i>FY 2024/2025</i>
	<b>Kshs</b>
Interest Income on Bank Deposits	-
<b>Total</b>	<b>-</b>

**9. Miscellaneous income**

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

**10. Employees cost**

	<i>FY 2024/2025</i>
	<b>Kshs</b>
NG-CDFC Basic staff salaries	1,470,006
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	-
Gratuity to contractual employees	455,700
Employer Contributions Compulsory national social security schemes	88,200
Employer Contributions Compulsory Housing levy	22,050
Employer contributions to National Industrial Training Authority	4,200
Other Specify	-
<b>Total</b>	<b>2,040,156</b>

**11. Committee Expenses**

	<i>FY 2024/2025</i>
	<b>Kshs</b>
Sitting allowance	2,239,710
Other Committee expenses	2,111,135
<b>Total</b>	<b>4,350,845</b>

**12. Use of Goods and services**

	<i>FY 2024/2025</i>
	<b>Kshs</b>
Utilities, supplies and services	-
Communication, supplies and services	180,000
Domestic travel and subsistence	3,253,960
Printing, advertising and information supplies & services	-
Office Rent	-
Training expenses	-
Hospitality supplies and services	-
Insurance costs	-

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Specialized materials and services	-
Office and general supplies and services	2,710,000
Fuel, oil & lubricants	-
Bank charges	49,833
Routine maintenance – vehicles and other transport equipment	-
Routine maintenance – other assets	-
Strategic plan expenses	1,996,800
Other operating expenses	2,532,000
<b>Total</b>	<b>10,722,593</b>

**13. Other Government Units Actual expenditure**

Description	FY 2024/2025
	Kshs
Primary Schools Actual expenditure	54,597,954
Secondary Schools Actual expenditure	20,706,480
Tertiary Institutions Actual expenditure	-
<b>Total</b>	<b>75,304,434</b>

**14. Other Grants and transfers Actual expenditure**

	FY 2024/2025
	Kshs
Bursary – secondary schools	40,083,500
Bursary – tertiary institutions	24,633,000
Bursary – special schools	-
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	2,911,000
Climate change mitigation projects	2,073,000
Emergency projects Actual expenditure	8,678,950
Roads projects Actual expenditure	-
Others specify	1,360,000
<b>Total</b>	<b>79,739,450</b>

**15. Depreciation and Amortization Expenses**

Description	<i>FY 2024/2025</i>
	<b>Kshs</b>
Property Plant and Equipment	-
Intangible Assets	-
<b>Total</b>	-

**16. Digital Hubs Expenses**

Description	<i>FY 2024/2025</i>
	<b>Kshs</b>
Construction/ renovation/ Actual expenditure	-
Digital Hub utility costs Water, Electricity,	-
Maintenance of ICT equipment	-
Maintenance of building	-
Others	-
<b>Total</b>	-

**17. Gain/loss on Sale of Assets**

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

**18. Impairment Loss**

Description	<i>FY 2024/2025</i>
	<b>Kshs</b>
Property, Plant and Equipment	-
Intangible Assets	-
	-
<b>Total Impairment Loss</b>	-

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**19. Cash and Cash Equivalents**

Name Of Bank and Account No.	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Bank Accounts (Cash Book Bank Balance)</b>		
Operations Account: Co-operative Bank, 01141423029200	69,986,850	67,971,282
<i>Operations account pending closure</i>	-	-
<i>Deposit Account: Co-operative Bank, 01104230292001</i>	605,650	-
<i>PMC Accounts: Co-operative Bank, Various accounts listed in Annex 2</i>	2,870,488	643,931
<b>Total</b>	<b>73,462,989</b>	<b>68,615,213</b>
<b>Cash Balances</b>		
Location 1	-	-
Location 2	-	-
Other Locations ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**20. Receivables from Exchange Transactions**

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

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

i. Ageing Analysis for Receivables

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

21. Receivables from Non-Exchange Transactions

Description	FY 2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	42,509,857		46,986,953	
Outstanding imprest	-		-	
<b>Total</b>	<b>42,509,857</b>		<b>46,986,953</b>	
Ageing Analysis- Receivables from non-exchange transactions	FY 2024/2025	% of the total	Opening Balance	% of the total
Less than 1 year	42,509,857	100%	46,986,953	100%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>42,509,857</b>	<b>100%</b>	<b>46,986,953</b>	<b>100%</b>

22. Prepayments

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

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**23. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation Rate(specify)		2%	25%	12.5%	30%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Opening Bal as 1<sup>st</sup> July 2024</b>	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-	-	-
<b>Depreciation And Impairment</b>	-	-	-	-	-	-	-	-
<b>Opening Depreciation</b>	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-	-	-
<b>Net Book Values</b>	-	-	-	-	-	-	-	-
<b>Opening Bal as at 1<sup>st</sup> July 2024</b>	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-	-	-

**Valuation**

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

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

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

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

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

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

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**24. Intangible Assets**

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

**25. Right-of use assets**

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

26. Trade and Other Payables

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

27. Third-Party deposits

	Period ended June 2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Retention as at start of the period (A)	-	-
Retention held during the period (B)	1,636,700	-
Retention paid during the period (C)	74,100	-
<b>Closing Retention as at period June 2025, D= A+B-C</b>	<b>1,562,600</b>	<b>-</b>

Retentions aging analysis.

	FY 2024/2025	% of the total	FY 2023/2024	% of the total
Less than 1 year	1,562,600	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%

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Over 3 years	-	%	-	%
<b>Total</b>	<b>1,562,600</b>	<b>100%</b>	-	-

**28. Lease Liabilities**

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

**Maturity Analysis**

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

**Analysed as:**

Description	Amount
Current	-
Non- Current	-
Total	-

**29. Gratuity Provision**

Description	<i>Period ended June 2025</i>	<i>Opening Statement 1<sup>st</sup> July 2024</i>
	Kshs	Kshs
Gratuity at the beginning of the period (A)	569,625	-
Gratuity held during the period (B)	455,700	569,625

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Gratuity paid during the period (C)	-	-
<b>Total Gratuity provision as at period June 2025</b> D=(A+B-C)	<b>1,025,325</b>	<b>569,625</b>

### 30. Cash Generated from Operations

	<i>FY 2024/2025</i>
	<b>Kshs</b>
<b>Surplus/Deficit for the year</b>	<b>(1,647,620)</b>
<b>Adjusted for:</b>	
Depreciation	
Impairment	
Gains and losses on disposal of assets	
<b>Working capital adjustments</b>	
Increase/decrease in receivables	4,477,096
Increase/decrease in payables	2,018,300
<b>Net cash flow from operating activities</b>	<b>4,847,776</b>

### 31. Financial Risk Management

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

#### i) **Credit risk**

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	42,509,857	42,509,857	-	-
Bank balances	73,462,989	73,462,989	-	-
<b>Total</b>	<b>115,972,845</b>	<b>115,972,845</b>	-	-
<b>As at 30 June 2024</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	46,986,953	46,986,953	-	-
Bank balances	68,615,213	68,615,213	-	-
<b>Total</b>	<b>115,602,166</b>	<b>115,602,166</b>	-	-

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

**Financial Risk Management**

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

**ii) Liquidity risk management**

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions(retention)	-	-	1,562,600	1,562,600
Deferred income	-	-	-	-
Gratuity Provision	-	-	1,025,325	1,025,325
<b>Total</b>	-	-	<b>2,587,925</b>	<b>2,587,925</b>
<b>As at 30<sup>th</sup> June 2024</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions(retention)	-	-	-	-
Deferred income	-	-	-	-

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Employee benefit obligation	-	-	569,625	569,625
<b>Total</b>	-	-	569,625	569,625

**iii) Market risk**

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

**a) Foreign currency risk**

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

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**FY 2024/2025**

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

**Foreign currency sensitivity analysis**

**FY 2024/2025**

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

## **Financial Risk Management**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>FY 2024/2025</b>			
Euro	NA	-	-
USD	NA	-	-
<b>FY 2023/2024</b>			
Euro	NA	-	-
USD	NA	-	-

### **b) Interest rate risk**

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

### **Management of interest rate risk**

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

### **Sensitivity analysis**

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

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

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

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

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

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

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<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
<b>Total</b>	-	-	-	-

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

**iv) Capital Risk Management**

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

Description	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	113,384,920	115,032,541
Capital Reserve	-	-
<b>Total Funds</b>	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	73,462,989	68,615,213
Net Debt/(Excess Cash And Cash Equivalents)	-	-
<b>Gearing</b>	-	-

**32. Related Party Disclosures**

	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Committee Members Remuneration</b>		
Sitting allowance of committee Members during the year	2,239,710	1,614,000
<b>Transaction with the NGCDF Board</b>		
Transfers from the NGCDF Board during the year	174,986,953	183,215,033
<b>Total</b>	<b>177,226,663</b>	<b>184,829,033</b>

### 33. Segment Information

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

### 34. Contingent Assets and Contingent Liabilities

#### Contingent Assets

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

#### Contingent Liabilities

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

### 35. Capital Commitments

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

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

### **36. Events after the Reporting Period**

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

### **37. Ultimate And Holding Entity**

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

### **38. Currency**

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

**18. Annexes**

**Annex 1: Summary of Asset Register**

<b>Asset class</b>	<b>Historical Cost/valuation cost balance brought forward (Kshs)</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) At Year End</b>
Land	-	-	-	
Buildings and structures	15,816,348	-	-	15,816,348
Transport equipment	6,150,000	-	-	6,150,000
Office equipment, furniture, and fittings	3,293,130	-	-	3,293,130
ICT Equipment and Other ICT Assets	-	-	-	-
Other Machinery and Equipment	-	-	-	-
Intangible assets	-	-	-	-
<b>Total</b>	<b>25,259,478</b>	<b>-</b>	<b>-</b>	<b>25,259,478</b>

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

<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance FY 2024/2025</b>	<b>Bank Balance FY 2023/2024</b>
Engoto PAG Mixed Secondary School	Co-operative	01141018453200	30,271	30,271
Engoto Primary School	Co-operative	01141423502500	2,747	-
Engotogoti DOK Primary School	Co-operative	01139017521202	37,723	37,723
Entanda primary school	Co-operative	01141017460800	600,000	-
Entanda Primary School	Co-operative	01139016649202	450,000	-
Entanda Primary School	Co-operative	01117017522802	200,000	-
Eramba Mission Primary School	Co-operative	01117071487502	40,000	-
Eramba Mission Primary School	Co-operative	01139424606100	2,747	-
Gamba Secondary School	Co-operative	01139017079203	500	-
Getionko I DEB Primary School	Co-operative	01141017519700	3,786	3,786
Geturi Secondary School	Co-operative	01120017082100	20,000	-
Geturi Secondary School	Co-operative	01141019160400	1,000	-
Itumbe Primary School	Co-operative	01139017461502	2,747	-
Kenyoro Primary School	Co-operative	01120017461600	2,747	-
Kioge Sda Primary School	Co-operative	01139018515800	2,747	-
Marani DOK Primary School	Co-operative	01117017522300	78,713	78,713
Masakwe Primary School	Co-operative	01141477215200	555	555
Metembe Primary School	Co-operative	01141788885100	2,747	-
Monyerero PAG Primary School	Co-operative	01141423995600	15,125	15,125

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<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance FY 2024/2025</b>	<b>Bank Balance FY 2023/2024</b>
Motonto Pag Primary School	Co-operative	01100423517500	2,747	-
Motonto Secondary School	Co-operative	01117016831002	10,000	-
Ngenyi Dok Primary School	Co-operative	01100016648000	2,747	-
Nyabworoba Secondary School	Co-operative	01141017800800	3,522	3,522
Nyagonyi Secondary School	Co-operative	01139670742600	2,000	-
Nyakeyo Primary School	Co-operative	01120017469600	2,747	-
Nyamokenye DEB Primary School	Co-operative	01117017075401	2,674	2,674
Nyandiba DEB Primary School	Co-operative	01117017075101	465,861	465,862
Nyansaga Primary School	Co-operative	01100017461100	2,747	-
Nyansakia Primary School	Co-operative	01100423989700	2,747	-
Nyansakia Special School	Co-operative	01141809974600	2,475	2,475
Samogara Primary School	Co-operative	01141789052900	2,747	-
Sensi SDA Primary School	Co-operative	01141017521100	5,972	3,225
St Annes Getare Primary School	Co-operative	01100424508300	2,747	-
St Johns Metembe Sec School	Co-operative	01100016777000	10,000	-
Tambacha cog sec. school	Co-operative	01117017457701	50,000	-
Tambacha primary school	Co-operative	01117016646501	712,600	-
Tambacha Primary School	Co-operative	01117424523100	92,000	-
<b>Total</b>			<b>2,870,488</b>	<b>643,931</b>

**Annex 3: Progress On Follow Up of Auditor Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Cash and cash equivalent	<p>Bank balance as at 30<sup>th</sup> June 2017 amounted Kshs. 20,829, 385.50 as at 30<sup>th</sup> June 2017 However, a review of bank reconciliation statements reflects a cash book balance of Kshs. 15,783,015.95 leading to unreconciled difference of Kshs. 5,046,369.55.</p> <p>Further, the reconciliation statement includes several unrepresented stale cheques amounting to Kshs. 2, 129, 499 that were issued in the financial year under review and prior years that had not been reversed in the cashbook.</p>	<p><i>The Cash Book balance at the end of the 2016/2017 financial year was Ksh. Kshs. 20,829,385.50 as reported in the Financial</i></p>	<p>Not Resolved</p>	<p>June 2026</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Statements, this is supported by both Cash Book and June 2017 Bank Reconciliation Statement. We noted that Bank Reconciliation initially submitted was erroneous. We</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>hereby forward the correct Bank Reconciliation as at 30<sup>th</sup> June 2017.                      On the issue of unrepresented cheques, we would like to state that most of them relate to bursary issued to</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>various institution but had not been presented, since these cheques are now Ostale the committee has directed the Sub County Accountant to reverse the cheques for</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>new allocation and payments. The committee has made a minute resolution to reverse all stale cheques immediately.</p>		
<p><b>2. Payment Not Adequately Supported</b></p>	<p>Included in the use of goods and services balance of Ksh. 8,608, 829 is amount of Kshs. 1,500,000 other committee allowances out of which Kshs. 940,000 was spent in various activities which were not adequately supported by necessary reports</p>	<p>The management usually keeps all reports and</p>	<p>Not Resolved</p>	<p>June 2026</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>minutes in files at their respective file in office. Bulky reports these are in most cases not attached to the voucher but reference is made to the respective files kept in which they are kept.</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)
		<i>The respective minutes were delivered to auditor for verification</i>		
<b>3. Project Expenditure Returns</b>	The Constituency Development Committee disbursed a total of Kshs. 44,229,312 being transfers to other Government units in the year under review. However disbursement totalling Kshs. 1,300,000 to two primary schools and a secondary school did not agree with schedules submitted for audit review totalling Kshs. 923,770. The resultant variance of Kshs. 376,230 has not been reconciled or explained.	<i>We are following up with the schools to account for Kshs. 376, 230 and since head</i>	Not Resolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>teachers are currently in Mombasa for the annual (Kenya Primary Schools Heads Association) KEPSHA meeting they have now promised to provide the documents</i></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)
		<i>once they arrive. Once we receive the documents we will avail them to your office.</i>		
<b>Basis Of Qualification Failure to Return Project</b>	Note 19.4 and Annex 5 REFLECTS Project Management Committee (PMC) balances of Kshs. 782,789 with some balances relation to the year under review and prior year and had not been returned to the Constituency Fund Account. Further, no evidence was provided for audit to confirm that the balance Account.	The amount involved projects funds which were reversed and had not been	Not Resolved	June 2026

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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)
<b>Management Committee Balances</b>	In the circumstance, the accuracy and completeness of the PMC balances account balances amounting to Kshs. 782,789 could not be confirmed.	replaced as at the end of the financial year.		
<b>Emphasis of Matter Budgetary Control and Performance</b>	<p>The summary statement of appropriation reflects final receipts budget and actual expenditure on comparable basis of Kshs. 169,683,207 and Kshs. 116,468,174 respectively resulting to an underfunding of Kshs. 53,215,033 or 31% of the budget. However, the fund spent Kshs. 75,939,504 against actual receipts of KShs. 116,468,174 resulting to an under-utilization of Kshs. 40,528,670 OR 35% of the actual receipts</p> <p>The underfunding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>Delayed funding was because of the delay in receiving fund from the Board, whereas delay in project implementation was due to</p>	<i>Not Resolved</i>	June 2026

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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)
		funds received late leading to procurement delay.		
<b>Late Disbursement of Funds</b>	<p>The statement of receipts and payments reflects transfers from National Government Constituencies Development Fund Board amount of Kshs. 87,000,000 which includes Kshs. 30,000,000 received by the Fund in the month of June 2023. As a result, some of the funds could not be utilized by the end of the financial year. In addition, another transfer of Ksh. 51,215,033 was disbursed by the Board in the month of July 2023 out of the budgeted funds for the 2022/2023 financial year.</p> <p>The late exchequer releases could have had adverse effects on the implementation of planned activities and projects by Management.</p>	Delayed funding was because delay in receiving fund from the Board, whereas delay in project implementation was due to	<i>Not resolved</i>	June 2026

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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)
		funds received late leading to procurement delay.		
<b>Basis of Conclusion Other Grants and Other Transfers Unused Two Roomed Office at an</b>	The statement of receipts and payment reflects other grants and transfers amount of Kshs. 64,691,706 as disclosed in Note 8 to the financial statements. Included in this is amount is Kshs. 5,200,000 out which Kshs. 1,000,000 was paid to a contractor to complete two (2) roomed office at an Administration Police Line at a contract sum of Kshs. 1,000,000. However, Physical inspection conducted in the Month of March 2024 revealed that the project was complete but not in use. In the circumstances, value for money was not achieved in the expenditure of Ksh. 1,000,000 on the project	<i>The project had no ablation block, construction has now been done and in use</i>	<i>Not Resolved</i>	June 2026

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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)
Administrati on Police Line				
Unused Deputy County Commissioner's Residence	<p>The statement of receipts and payments reflects other grants and transfers amount of Kshs. 64,691,706. Included in this amount is Kshs. 5,200,000 as disclosed in Note 8 which includes Kshs. 1,000,000 paid to contractor to complete Deputy County Commissioners residence, fencing and pit latrines at a contract sum of Ksh. 4,200,000. However Physical Inspection conducted in March 2024 revealed that the project was complete but not in use.</p> <p>In the circumstance, value for money was not achieved in the expenditure of Kshs. 1,000,000 on the project.</p>	<p><i>We have communicated to the Deputy County Commissioner to organise on how to move in the facility</i></p>	<p><i>Not Resolved</i></p>	<p>June 2026</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)
<b>Failure to label projects</b>	Review of project records revealed that Management implemented various projects at a total cost of Ksh. 5,900,000. However, field inspection at the time of audit in the month of March 2024 revealed that the projects were complete and in use but were not labelled. This was contrary to Regulation 11(1) (cc) of the National Government Constituencies Development Regulations which states that that the functions of the constituency committee is to ensure projects are labelled in accordance with the guidelines issued by the Board  In the circumstances, Management was in breach of the law.	<i>The projects have now been labelled</i>	<i>Not Resolved</i>	June 2026
<b>Delay Implementation of Projects</b>	Review of procurement records revealed management contracted a local contractor to complete a storied dormitory at a Girls Primary School at a contract sum of Kshs. 1,500,000. However, physical inspection conducted in the month of March, 2024 revealed that the project had not started.	<i>The project is ongoing</i>	<i>Not Resolved</i>	June 2026

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Construction of a storied Dormitory at a Boarding Primary School	In the circumstance, value for money was not achieved in the expenditure of the Kshs. 1,500,000 on the project			
Construction of a classroom at a primary school	Review of procurement records revealed that Management contractor to complete one classroom at a primary school at a contract sum of KSHS. 1,000,000. However inspection conducted in the month of march 2024 revealed that the project had not started  In the circumstances, value for money was not achieved in the expenditure of Kshs. 1,000,000 on the project.	<i>The project is done and complete</i>	<i>Not resolved</i>	June 2026

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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)
Accuracy of Financial Statements	Component	Balance as per F/S (Kshs)	Casting Down (Kshs)	Variance (Kshs)	Not resolved	June 2026	
	Project Management Committee Balances	650,135	643,931	6,204			
	Project Management Committee Balances (comparative figure)	732,789	51,054	681,735			
	<b>Total</b>	<b>1,382,924</b>	<b>694,985</b>	<b>687,939</b>			
Unsupported Bursary	<p>The statement of receipts and payments reflects other grants and transfers amount of Kshs.90,192,303 as disclosed in Note 8 to the financial statements. Included in this amount is Kshs.71,966,538 that was spent in respect to Bursary-secondary and tertiary institutions. However, review of bursary receipts revealed that out of the balance of Kshs.71,966,538, only Kshs.43,897,500 (61%) were acknowledged leaving a balance of Kshs.27,342,038 (38%) unacknowledged by the beneficiary schools and institutions.</p> <p>In the circumstances, it was not possible to determine whether Kshs.27,342,038 expenditure reached the intended beneficiaries.</p>				Acknowledgement have now been received	Not resolved	June 2026

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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)
<b>Failure to Return Project Management Committee Balances</b>	<p>Note 19.4 of the financial statement reflects Project Management Committee (PMC) balances of Kshs.650,135 with some of the balances relating to the year under review and prior years that had not been returned to the Constituency Fund Account. Included in this figure is Kshs.22,140 relating to four (4) accounts which appear idle with no transaction having taken place during the previous two (2) years. Further, no evidence was provided for the audit to confirm that the balances relate to incomplete projects.</p> <p>In the circumstances, the accuracy and completeness of the PMC accounts amounting to Kshs.650,135 could not be confirmed.</p>	<i>The projects were ongoing and will be returned once projects are completed</i>	<i>Not resolved</i>	June 2026
<b>Unresolved Prior Year Audit Matters</b>	<p>In the audit report of 2022/2023 financial year, 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. However, Management has not resolved the issues or given any explanation for failure to resolve them</p>	<i>The constituency is in the process of resolving audit issues</i>	<i>Not resolved</i>	June 2026

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**Edwin Kimutai**  
**Fund Account Manager.**