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THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND - KITUTU MASABA
CONSTITUENCY**

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

KITUTU MASABA CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Constituency Information and Management

(a) Background information

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

Mandate

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

- a) Recognize the constituency as a platform for the identification, performance, and implementation of national government functions.
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6 (3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination, and protection of the marginalized pursuant to Article 10(2)(b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10(2)(d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21(2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to exercise oversight over the performance of exclusive national government functions at the constituency level as provided for under Article 95 of the Constitution;
- h) Authorize withdrawal of money from the Consolidated Fund as provided under Article 206(2)(c) of the Constitution;
- i) Provide mechanisms for supplementing infrastructure development at the constituency level in matters falling within the exclusive functions of the national government at that level in accordance with the Constitution;
- j) Provide a framework for citizens-led development to assist the national government in planning and prioritizing the use of its resources;
- k) Create a harmonious relationship between citizens and the national government and its officers in local development;
- l) Provide a platform for citizens' participation in service delivery;
- m) Build local accountability and transparency in the use of resources; and

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- 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 Masaba Constituency's day-to-day management is under the following key organs:

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

Fiduciary Management

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

No	Designation	Name
1.	AIE holder	John Ongeru
2.	National Sub-County Accountant	Stephen Orina Momanyi
3.	Chairman NGCDFC	Vane Sarange Ombaso- (Operations Account)
4.	Member NGCDFC	Mark Salim Okongo- (Deposit Account)

(c) Fiduciary Oversight Arrangements

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

P.O. Box 3100-40200
Kitutu Masaba NGCDF Office
Tombe Market
Kisii, Kenya

(e) NGCDF Kitutu Masaba Constituency Contacts

Telephone: (254) 710426880
E-mail: [cdf@kitutumasaba@ngcdf.go.ke](mailto:cdf@kitutumasaba.ngcdf.go.ke)
Website: www.ngcdf.go.ke

(f) NGCDF Kitutu Masaba Constituency Bankers

1. Operations Account.
Equity Bank
Branch- Keroka
P.O Box 75104-00200
Nairobi.

2. Deposit account.
Equity Bank
Branch- Kisii Stage
P.O. Box 75104-00200,
Nairobi.

3. Project Management Committee Accounts
Equity Bank
Branch- Keroka
P.O Box 75104-00200
Nairobi

Equity Bank
Kisii Stage Branch
P.O. Box 75104-00200,
Nairobi

(g) Independent Auditor




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

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(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 data-bbox="118 902 512 981">Mrs. Vane Sarange Ombaso Chairperson</p>	<p data-bbox="639 439 1461 562">She was born on 26th March 1983. She is 42 years of age and having qualification in Kenya Certificate of Secondary Education (KCSE) certificate.</p> <p data-bbox="639 613 1461 824">She is a business lady for over twenty-three years. She runs a business empire in the textile industrial products She is the current Chairperson and has served in the same capacity for 2 terms in a row. She has been in office to date 3 years.</p>
 <p data-bbox="118 1305 464 1384">Mr. Mark Salim Okongo Secretary</p>	<p data-bbox="639 1039 1461 1162">He is the current NG-CDFC Secretary, having served in the same capacity for 3 years in row. Representing Female (Adult)</p> <p data-bbox="639 1169 1385 1205">Aged 46 years and a businessman and peasant farmer</p> <p data-bbox="639 1256 1337 1292">He is a holder has certificate in science laboratory.</p>
 <p data-bbox="118 1794 440 1872">Mr. Stephen Omwansa Member</p>	<p data-bbox="639 1442 1409 1520">He is the current NG-CDFC member representing Male youth in our constituency</p> <p data-bbox="639 1572 1449 1783">He is 33years of age and a holder of Diploma in electrical and electronic from Gusii Institute of Technology. He runs an electrical workshop and he is engaged in day todays electrical fixing both in house and external connectivity.</p>

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Name	Details
 Mr. James Makini Makini Member	<p>He is the current NG-CDFC member representing male adults. He is 39 years of age and a holder degree in Insurance from University of Nairobi. He has been a General Manager of the One Hen Project for 16 years with accreditation from the United State of America in Poultry farming production and management.</p> <p>He is serving his second term as a member of NGCDF Committee Kitutu Masaba.</p>
 Mrs. Hildah Ntabo Member	<p>She is the current NG-CDFC member representing Female Youth a position She has served for three years</p> <p>She is 34 years of age and a holder of KCSE certificate Currently Hildah is a business-lady and assisting in the community development.</p>
 Mr. Enock Manyinsa Onsongo Member	<p>He is the current NG-CDFC member Representing PWDs and has served for 3 years. He is 61 years of age and a holder of Certificate of Secondary Education. He has a family and engaged in community service.</p>
 Mrs. Jane Kwamboka Machoka Member	<p>She was born on 17th June 1973. She is a holder Kenya Certificate of Secondary Education. She is a NG-CDFC member Representing Female (Adult) She is 52 years of age She is a business-lady and is engaged in community development and service.</p>

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Name	Details
 <p>Mr. John Harrison Nyaberi Member</p>	<p>He was born in 27th March,1959 . He is the co-opted NGCDF member has served for three years He is 66 years old and a holder of P1 Certificate of Education. He is a retired teacher from public schools' administration. He is a business man and is engaged in community service</p>
 <p>Mrs. Stella Wanyella - DCC Member</p>	<p>He was born on 8th September, 1973. She is the National Administration Officer with holder of Bachelor's Degree in English and Literature from Kenyatta University and has a 27 years' experience in public administration. She is the current Deputy County Commissioner Masaba North one of the sub counties of Kitutu Masaba Constituency She is a member of the NG-CDFC Kitutu Masaba representing government official.</p>
 <p>Mr. John Onger Fund Account Manager Member</p>	<p>He was born on the 7th May 1967. He is 57 years of aged and has served as Fund Account Manager from 2007. John is a graduate of Bachelors of Education from Moi University, and Master in Human Resource Management from Egerton university. He is a certified Public Accountant of Kenya (CPA) from Strathmore university. He is a member of NG-CDF Committee as an Officer of the Board and an Ex-officio.</p>

4. NG-CDFC Chairman's Report



Mrs. Vane Sarange Ombaso -
NGCDFC Chairperson

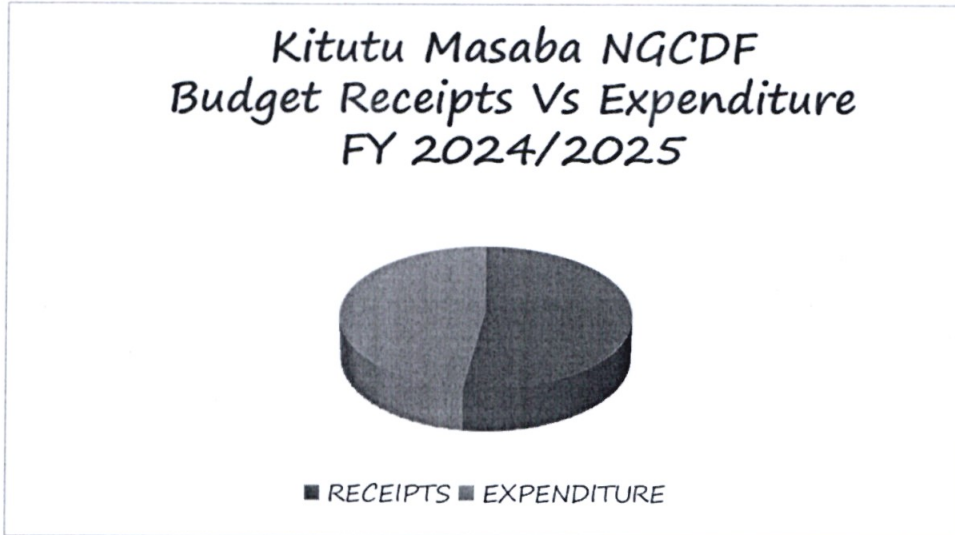
The financial year 2024/2025 that ended on 30th June 2025 was a great year full of success and challenges in terms of conceptualization, approvals and implementation of the various projects within the constituency. Upon assumption of office, we had a robust public Participation exercise that enabled the Committee listen to the public proposals in all the six wards that culminated in prioritizing of Constituency projects proposal. Then the approval process that took quite some time and upon approvals, the implementation of Projects. With limited time available, the Constituency received a total allocation of Kshs 188,414,052.19 of which only Ksh. 167,000,000 was disbursed and utilized.

FUNDS DISBURSEMENTS:

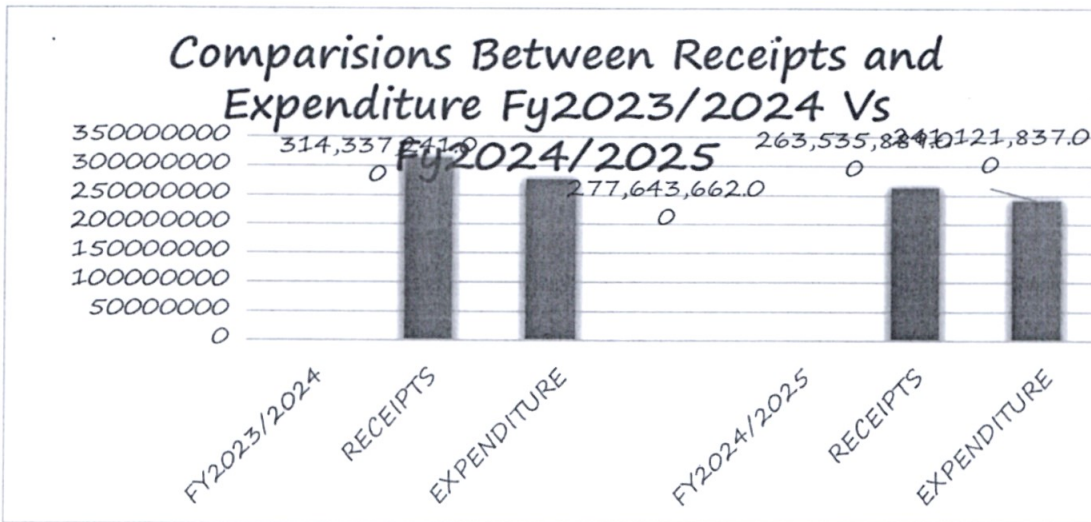
Kitutu Masaba NG-CDF management and PMCs has in for the last financial year received Kshs 167,000,000 out of a total allocation of Kshs 188,414,052.19 plus the unspent balance from the FY 2023/2024 of Kshs 36,693,578 and un disbursed Kshs 22,414,052 from the Board making a total budget of Kshs 263,535,889.

GRAPHICAL REPRESENTATION OF ACTUAL BUDGET VS ACTUAL RECEIPTS

1. BUDGET VS ACTUAL RECEIPTS FOR THE FY 2024/2025



2. COMPARISON BETWEEN FY2024/2025 & FY 2023/2024



3. EXPENDITURE DURING THE FINANCIAL YEAR 2024/2025

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DESCRIPTION	ACTUAL EXPENDITURE	BUDGET	PERCENTAGE UTILIZATION
Employee costs	6,142,614	5,371,574	87%
Committee expenses	6,200,290	6,200,290	100%
Use of Goods and Services	14,882,033	14,882,033	100%
Other Government Units Certified Works	33,565,517	30,081,974	90%
Other Grants and Transfers	105,518,646	101,653,160	96%
Digital ICT Hubs Expenses	3,085,267	8,830,895	35%
Acquisition of Assets	-	-	-
Funds Pending Approval	-	-	-
Totals	169,394,367	167,019,926	60%

Key Achievements:

The greatest achievements are in project implementation which included improvement of learning structures in schools by construction of several new classrooms, modern toilets for the conducive learning environment and the construction of chiefs offices in security sector across the constituency.

Sample of the implemented projects:



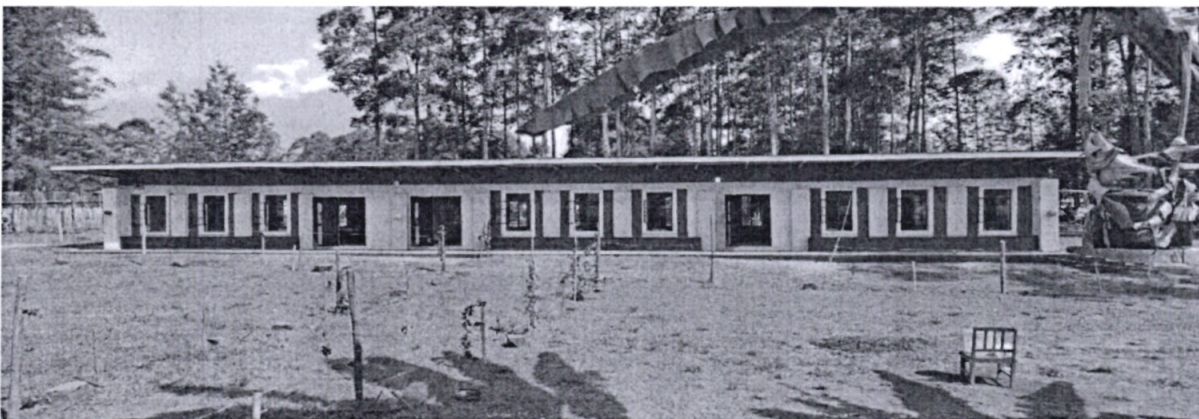
Riyabe Primary School - Construction of Construction of 2Nr. Classrooms @ Kshs. 3,000,000



Sengera Location Chiefs Office: Construction of 5 roomed chiefs office @Kshs. 2,500,000



Biticha Primary school – Modern 6 doors pit latrines @Kshs. 1,100,000



4. Riamoni DEB Primary school. Construction of 3 classrooms at a cost of Ksh.4,200,000

Emerging issues:

Emerging issues include:

1. The constituency has a high demand for bursary for both secondary and tertiary institutions due to high poverty index.
2. High cost of building materials due making the cost of building a classrooms higher and hence less number are allocated funds in the Financial Year.

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3. High demand of modern chiefs' offices for all locations in the constituency. So far managed to construct and complete 11 and 2 and in their works in progress.

Challenges:

- 1) Delay in disbursement of funds from the board that has affected timely implementation of projects.
- 2) The removal of sports as a fundable activity that has led to idleness amongst the young people who were initially benefiting from the kitty. We are currently receiving a lot of requests on the same though we are not able to fund.

Way forward

Board needs to release funds in good time, secondly the Board needs to lobby for increase of funding to every constituency and finally the various institutions need to lobby for funding from other agencies including the NGOs to avoid overreliance on the NGCDF funding.


.....
Name: Mrs. Vane Sarange Ombaso
Chairman NGCDF Committee

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

Introduction

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

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

- To mobilize more resources for community development.
- To improve infrastructure, especially schools and roads within the constituency.
- To mobilize funds for bursary to learners for all.
- To build capacity of the community to implement development projects.
- Empower and training of youth
- To instill security for all by constructing chiefs offices and police stations newr people.

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:

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary	number of usable physical infrastructure build in primary, secondary, and tertiary institutions	In FY 2024/2025 -we have constructed admin blocks, Renovated 14 classrooms in primary and secondary, constructed 33 classrooms,

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Constituency Program	Objective	Outcome	Indicator	Performance
		institutions	- number of bursary beneficiaries at all levels	disbursed bursary for the needy students (6500 – tertiary) and 16500 - secondary schools) and connected electricity to many homesteads across the constituency.
Security	To have conducive working environment for security agencies	Increased construction of chief's office	Improved security in the area	In FY 2024/2025 we have constructed 4 chiefs offices.
Climate Change Mitigation Activities	To improve environment by carrying out environmental activities	Increased planting of trees both indigenous and fruit trees	Improved environment	In the FY 2024/2025, management implemented climate change projects by purchasing and plantings tree seedlings to 13 schools and purchased water tanks to 11 Schools and 1 secondary school.
Emergency	To mitigate disasters through disaster management	Increased capacity building on disaster management	Improved awareness	Management has carried out PMC & CDFC capacity building to improve in the management of kitty. They purchased 9 Schools of 9000 Lockers

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Constituency Program	Objective	Outcome	Indicator	Performance
				and Chairs across the constituency.

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 a Constituency Committee.

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

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

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- 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 persons, one of either gender, 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 persons 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 persons selected from each Constituency in accordance with the Act to the National Assembly for Approval.

(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 Masaba 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.	James Makini Makini	Male (Adult)	Gesima
2.	Mark Salim Okongo	Male (Adult)	Gachuba
3.	Vane Sarange Ombaso	Female (Adult)	Kemera
4.	Jane Kwamboka Machoka	Female (Youth)	Rigoma

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5.	Hildah Ntabo	Female (Adult)	Manga
6.	Stephen Omwansa	Male (Youth)	Magombo

Nominee of the person representing persons with disability

S/N	Name	Nominating Organization	Nature of physical Impairment	Ward
1.	Enock Manyinsa Onsongo	National Council of People Living with Disability	Eyesight	Rigoma

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.	John Harrison Nyaberi	Male	Rigoma

The list of the selected and recommended members was forwarded to the NG_CDF Board and were further gazetted through a gazette notice dated 25th May, 2025.

The Kitutu Masaba NG_CDFC Members were gazetted as follows

S/N	Name	Category	Statutory Provision Under NG-CDF Act
1.	James Makini Makini	Male Adult Representative	Appointment, pursuant to Sec. 43 (2) (b)
2.	Mark Salim Okongo	Male Adult Representative	Appointment, pursuant to Sec. 43 (2) (b)
3.	Vane Sarange Ombaso	Female Youth Representative	Appointment, pursuant to Sec. 43 (2) (c)
4.	Jane Kwamboka Machoka	Female Adult Representative	Appointment, pursuant to Sec. 43 (2) (c)
5.	Enock Manyinsa Onsongo	Representative of Persons Living with Disability	Appointment, pursuant to Sec. 43 (2) (d)
6.	Stephen Omwansa	Male Youth Representative	Appointment Pursuant to Sect. 43 (2)(e)
7.	Hildah Ntabo	Female Adult Representative	Appointment Pursuant to Sect. 43 (2)(e)

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The First NG-CDFC inaugural meeting was held on 16th July, 2025. The members carried out an election for the position of a chairperson and the secretary of the committee. The following member were elected.

	NAME	POSITION	WARD
1	Vane Sarage Ombaso	Chairperson	Kemera
2	Mark Salim Okongo	Secretary	Gachuba

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.	John Ongeru	Secretary
3.	Mark Salim Okongo	Member
4.	James Makini Makini	Member
5.	Vane Sarange Ombaso	Member

2. Complaint Handling & Resolution Sub-Committee

	NAME	POSITION
1.	Stella Wanyella-DCC	Chairperson
2.	James Makini Makini	Secretary
3.	Stephen Omwansa	Member
4.	Jane Kwamboka Machoka	Member

b. NG-CDFC Tenure

The term of office for the members of the Constituency Committee is two years and will be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the NG-CDF Act 2015.

The tenure of the current committee was inaugurated on December 2024. The term of the previous committee members expired on December 2024 and after recruitment process, all the previous members were retaining in a period of 2 years. The current term of the committee expires on May 2027 and can be renewed subject to boards guidelines and their performance.

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 considered beneficial to the 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 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 sought to be removed shall be given a fair hearing before the resolution is made. In Kitutu Masaba 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 16th May, 2025.

e. NG-CDFC Induction and training

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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 Masaba.

f. Number of meetings

Schedule of meetings held during the FY 2024/2025

S. No.	Name of committee member	12/07/2024	17/07/2024	16/08/2024	24/08/2024	12/09/2024	29/09/2024	06/10/2024	11/11/2024	21/11/2024	07/12/2024	19/12/2025	09/01/2025	13/02/2025	26/02/2025	21/03/2025	04/04/2025	27/04/2025	13/05/2025	17/05/2025	14/06/2025
1	James Makini	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
2	Vane Ombaso	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
3	Stephen Omwansa	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
4	Hildah Ntabo	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
5	Jane Machoka	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
6	John Nyaberi	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
7	Enock Onsongo	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
8	John Ongeru	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
9	Stella Wanyella	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
10	Mark S. Okongo	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

g. 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 Masaba contravened conflict of interest policy.

i. Succession plan

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

j. Ethics and code of conduct

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

k. Risk Management

Risk management has been integrated in the constituency operations through the following; training of the NGCDF staff in their respective technical areas of service to ensure they carry 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 time lines to ensure the constituents are involved in project identification

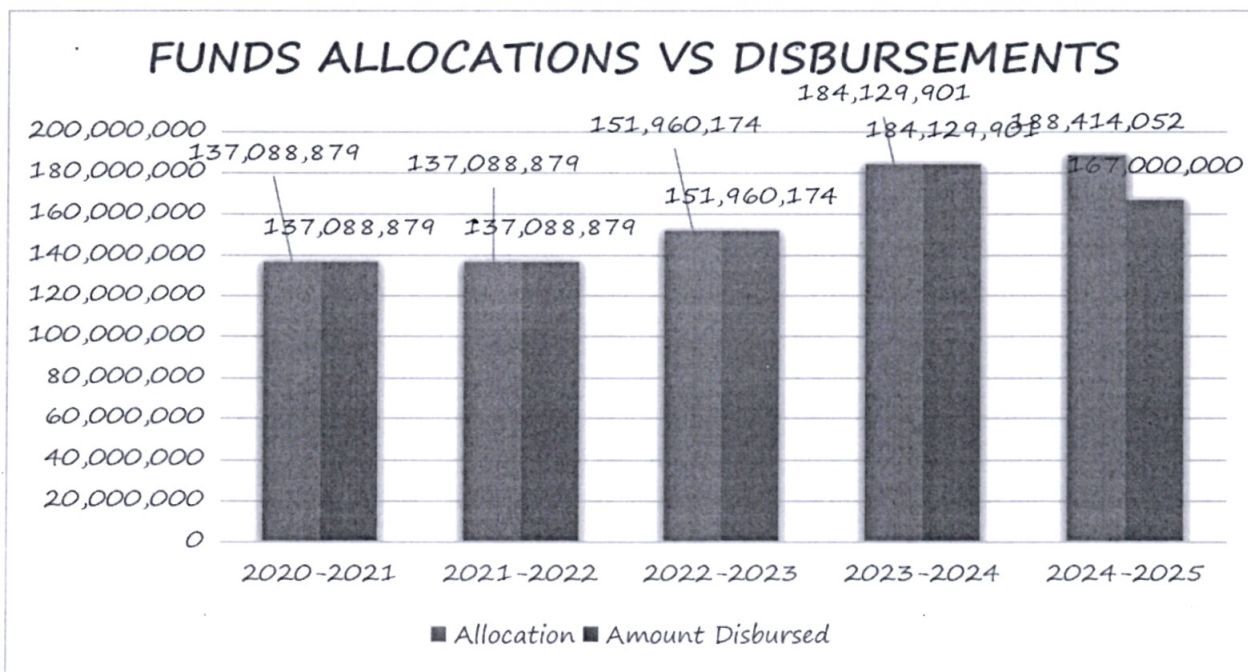
7. Management Discussion and Analysis

a. Sector Performance

Kitutu Masaba NG-CDF has been operational since 2007 and would provide financial analysis for the past five years on how much the entity has received and spent in the various critical sectors being educational infrastructure, bursary disbursements and Security.

Financial Year	Allocation	Amount Disbursed	Financial Year
2020-2021	137,088,879	137,088,879	100%
2021-2022	137,088,879	137,088,879	100%
2022-2023	151,960,174	151,960,174	100%
2023-2024	184,129,901	184,129,901	100%
2024-2025	188,414,052	167,000,000	89%
Total	798,681,886	777,267,834	Total

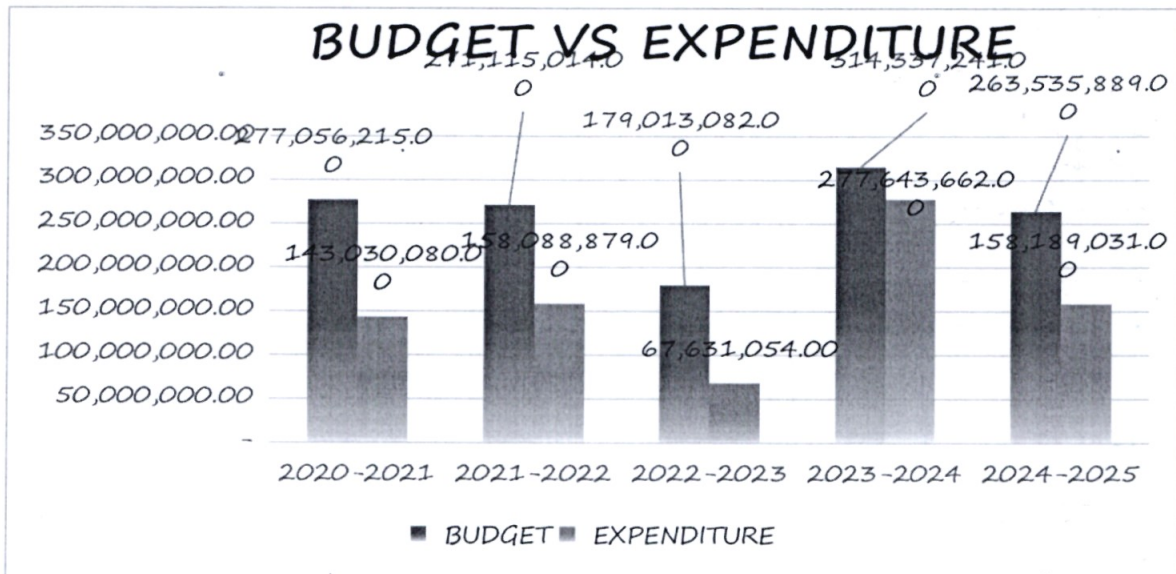
GRAPHICAL REPRESENTATION OF ALLOCATED FUNDS AND DISBURSEMENTS



b. Expenditure summary for the past five(5) years

GRAPHICAL REPRESENTATION OF TOTAL BUDGET VS EXPENDITURE FOR THE PAST 5 YEARS

BUDGET VS EXPENDIURE		
Financial Year	TOTALS BUDGET	EXPENDITURE
2020-2021	277,056,215	143,030,080
2021-2022	271,115,014	158,088,879
2022-2023	179,013,082	67,631,054
2023-2024	314,337,241	277,643,662
2024-2025	263,535,889	158,189,031
TOTALS	1,305,057,441	804,582,706



c. NG-CDF Achievements

Kitutu Masaba NG-CDF Committee has always endeavored to ensure timely implementation of approved projects and equitable distribution of allocation within the six wards in the constituency. Some of the notable achievements are as shown in the table below: -

Category	No. Implemented
New Classrooms	261
Bursary	Over 6000 needy students per year in Tertiary institutions and 16,500 students in secondary schools
Library	1
Dining Hall	2
TVET	1
Chiefs Offices	12
Classrooms Renovations	9
NG-CDF office Renovations	1

Through the NG-CDF, massive infrastructural facilities have been constructed in the following schools which has in turn led to an increase in the enrolment rates and performance of students in the schools: -

Projects implemented

Name of School	Facilities Funded by NG-CDF	Allocation
	CAPITAL GRANTS – PRIMARY/SECONDARY SCHOOLS	
Institutions	Project Activities	Amount (Kshs) Allocation
Nyamakairo Primary School	<ul style="list-style-type: none"> Renovations to completion of 4 classrooms; Plastering, reroofing, ceiling, whiteboards, fascia board, fixing of doors and windows, verandah installation, painting, tiling and electrical works at Kshs.3,060,000, purchase and installation of 5,000 litres water tank at Kshs.50,000, construction of concrete tank base at Kshs.20,000, installation of gutters at Kshs.30,000 and provision of 120 Lockers and Chairs at Kshs. 840,000 	4,000,000.00

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Sirate DEB Primary School	<ul style="list-style-type: none"> Construction to completion of 6 door modern toilets with 2 chambers catering for Persons With Disabilities and urinal (3 door for each gender) 	1,100,000.00
Bogwendo PAG Primary School	<ul style="list-style-type: none"> Construction to completion of 6 door modern toilets with 2 chambers catering for Persons With Disabilities and urinal (3 door for each gender) 	1,100,000.00
Irianyi secondary school	<ul style="list-style-type: none"> Completion of dining hall 	3,000,000
SECURITY PROJECTS		
Gachuba Location Chief's Office	<ul style="list-style-type: none"> Construction to completion of 5 roomed chief's office at Kshs.2,743,695 and purchase of furniture (1 conference table at Kshs. 80,000, 4 medium tables at Kshs. 120,000, 5 executive chairs at Kshs. 150,000 and 24 ordinary chairs at Kshs. 96,000) 	3,189,695.00
Kemera Location Chief's Office	<ul style="list-style-type: none"> Construction to completion of 5 roomed chief's office at Kshs.2,743,695 and purchase of furniture (1 conference table at Kshs. 80,000, 4 medium tables at Kshs. 120,000, 5 executive chairs at Kshs. 150,000 and 24 ordinary chairs at Kshs. 96,000) 	3,189,695.00
OTHER PROJECTS – DIGITAL ICT HUBS		
Kenyerere Digital Hub	<ul style="list-style-type: none"> Construction to completion of a Digital Hub in Rigoma Ward as per the Ministry of Information, Communication and Digital Economy guidelines 	5,652,421.00

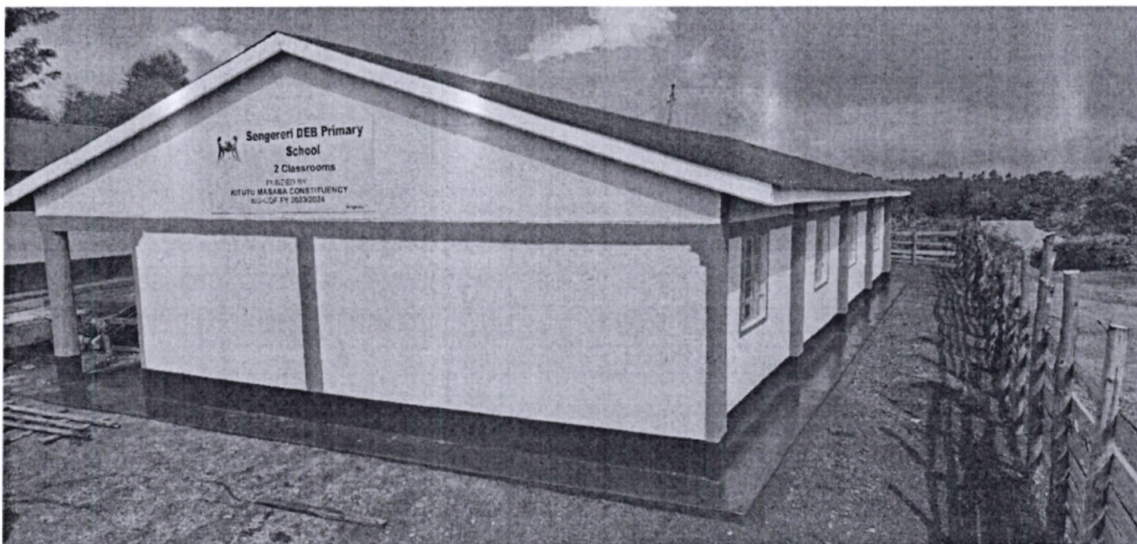
1. Bursary Disbursement

- The constituency has in the current financial year disbursed Kshs. 32m to 6,500 students in tertiary institutions and 45m to secondary schools with over 16,500 students.
- Management pays tuition fees for every orphan and extremely needy cases without undergoing bursary vetting process.

2. Project implementation

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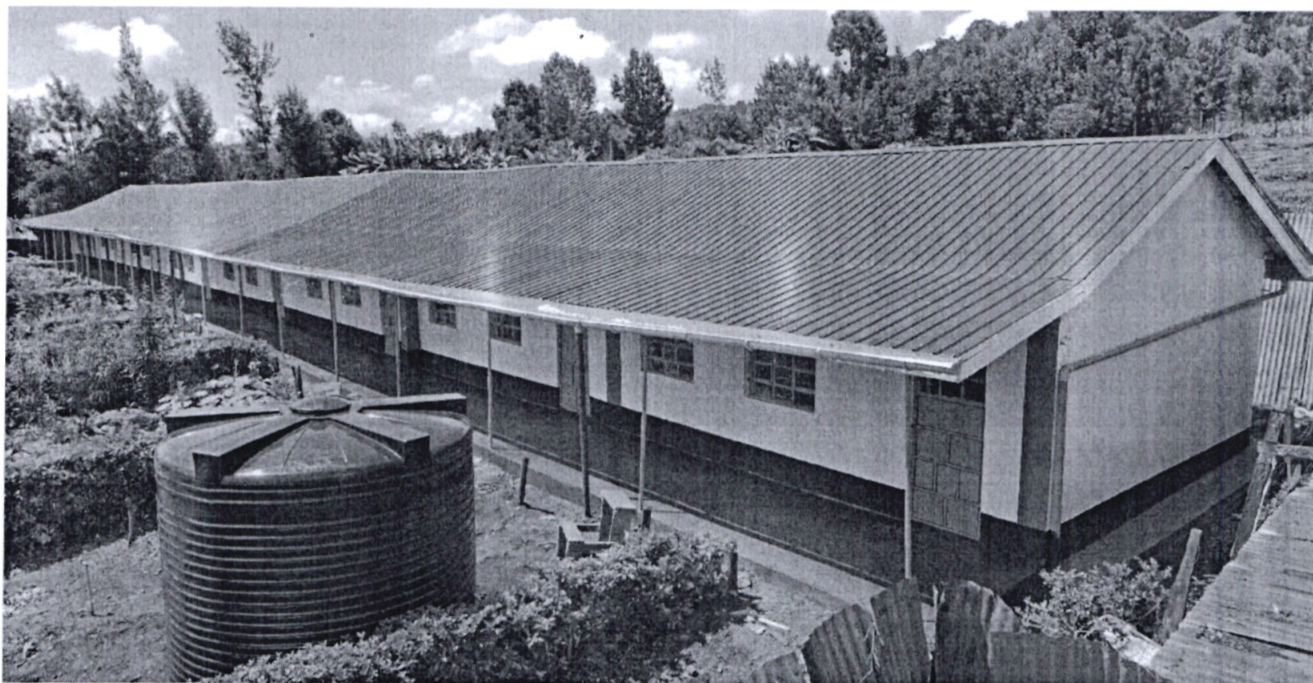
The constituency has implemented projects in the constituency that has high impact by improving access to education infrastructure:
Examples of projects are as follows.



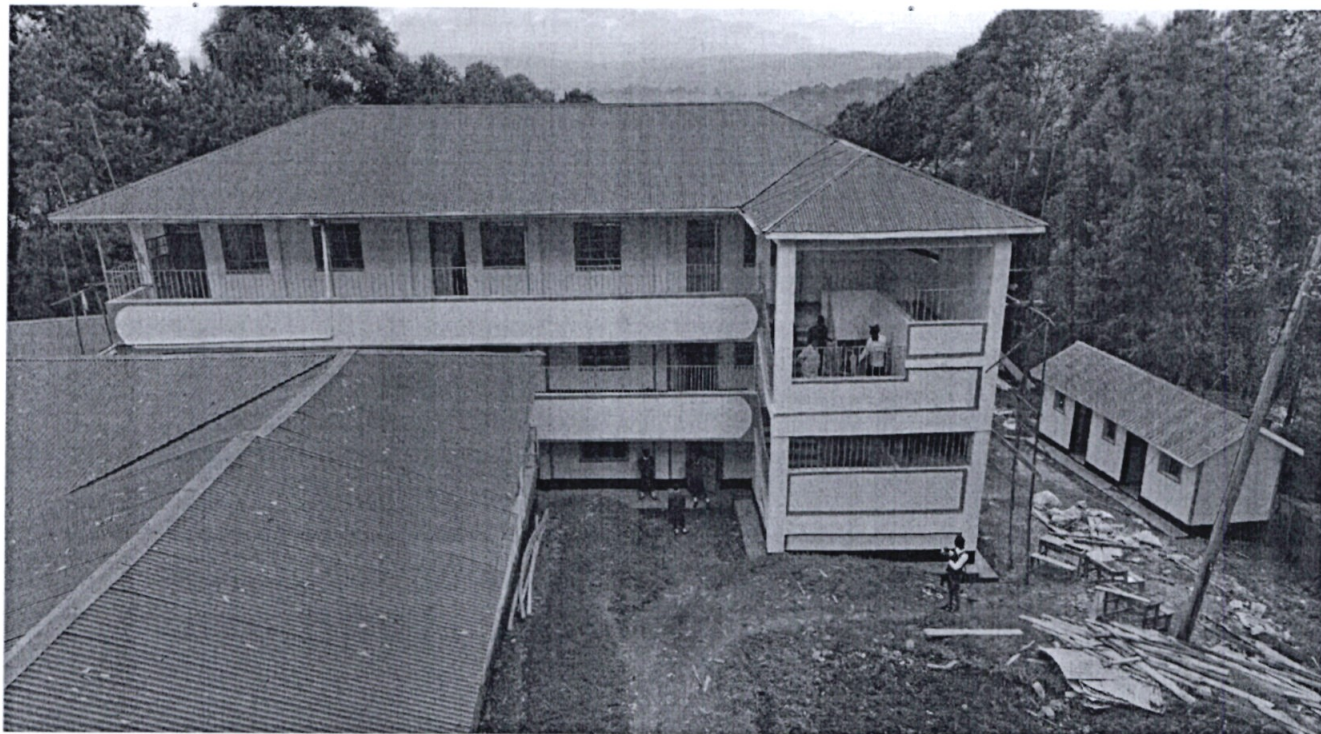
1. Sengereri Primary School – Construction of 2Nr. classrooms at a cost of Kshs.2,957,997



2. Kiomonso Primary School- Construction of 6 door modern toilet at a cost of Kshs. 1,100,000 million



3. Mongoni DEB Primary school. Construction of 5 classrooms at a cost of Kshs. 5,500,000 million.



4. St. Joseph Nyaguku Secondary School. Completion of tuition block at a cost of Kshs. 4,000,000 million.

CLIMATE CHANGE MITIGATION

- The constituency has been allocating funds for climate change mitigation every financial year.
- Last financial year and current financial year, the constituency allocated Ksh 2.6M with each financial year allocating Kshs. 1.3m. In the FY 2025/2026, the constituency intends to allocate kshs 5.3M for climate change mitigation activities.

b) Compliance with statutory requirements.

Kitutu Masaba 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 has outlined the roles of National Government and County Government and in no instance has Kitutu Masaba been cited for non-compliance.

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

d. Major Risks Facing the Fund

The legality of the National Government Constituencies Development Fund (NG CDF) have been the subject of litigation in courts. Indeed, there was a verdict that the fund that is entrusted with Parliament is unconstitutional.

Although the courts recognised the value of the NG-CDF in supporting local communities since its establishment in 2003, it set a deadline for its discontinuation. All NG-CDF activities, including funding for ongoing projects, must cease by 30 June 2026

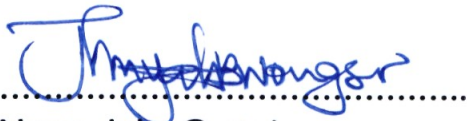
e) Material Arrears in Statutory and Other Financial Obligations

Arrears play a significant role in how a company's financial position is presented on its financial statements.

Kitutu Masaba NG-CDF has put in place a well-structured modus operandi of managing projects and other resources aimed at managing arrears and specific strategies to mitigate financial impact

f. Review of the Economy and Future Developments

Kenya has achieved significant political and economic reforms over the past decade, leading to strong economic growth, social development, and political stability. However, the country still faces key development challenges, such as poverty, Inequality, youth unemployment,



Name: John Onger
Fund Account Manager

8. Environmental and Sustainability Reporting

Environmental matters relates 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 Masaba NG-CDF in its budget for Financial year 2024-2025 allocated Ksh. 3,600,000 towards climate change mitigation measures across the constituency.

1. Sustainability strategy and profile -

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

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

2. Environmental performance

- The constituency has allocated a total of Kshs 3,600,000 towards planting of tree seedlings to support presidential directive of planting 15 billion trees and other environmental interventions.
- The constituency buys seedlings from youth nurseries and hence empowering them

3. Employee welfare

We invest in providing the best working environment for our employees. Kitutu Masaba 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 Masaba 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 Masaba Constituency is committed to fair and ethical market practices.

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

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

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption.
- b) Good business practices, including cordial Supply chain and supplier relations, by honoring contracts and respecting payment practices.

- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests.

5. Community Engagements-

Kitutu Masaba 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 Masaba 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.

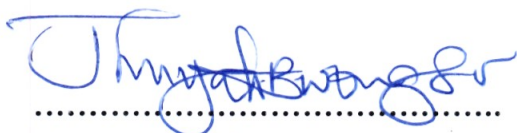
Public participation is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

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



.....
Name: John Onger
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 Masaba 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 Masaba 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 Masaba 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 Masaba 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

National Government Constituencies Development Fund (NGCDF)
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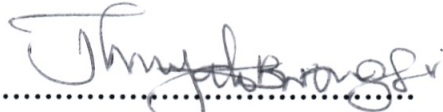
that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The NGCDF- Kitutu Masaba Constituency financial statements were approved and signed by the Accounting Officer on 8/12 2025.



.....
Name: Mrs. Vane Sarange Ombaso
Chairman – NGCDF Committee



.....
Name: Mr. John Onger
Fund Account Manager

REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund - Kitutu Masaba Constituency set out on pages 1 to 77, which comprise of the statement of financial position as at 30 June, 2025,

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position reflects cash and cash equivalent balance of Kshs.82,932,806 while the recomputed figure in the statement of cashflow reflects cash and cash equivalent balance as at year end of Kshs.71,727,470 resulting to a variance of Kshs.11,205,336 which has not been explained or reconciled.

In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.82,932, in the statement of financial position could not be determined.

2. Irregular Use of the Emergency Reserve

The statement of financial performance reflects other grants and transfers amount of Kshs.105,518,646, which includes Kshs.9,002,000 relating to emergency projects expenditure as disclosed in Note 14 to the financial statements. However, a review of the payment vouchers revealed that Kshs.8,402,000 was utilized for the purchase of lockers, office furniture and installation of security systems. These activities are of normal and routine development expenditures nature and do not meet the definition of an emergency as required by the Act. The Constituency Committee did not demonstrate urgency or potential harm if the expenditure was delayed.

3. Misclassification of expenses

The statement of financial performance reflects other grants and transfers amount of Kshs.105,518,646, which includes Kshs.Kshs.44,693,754 relating to bursary to secondary school as disclosed in Note 14 to the financial statements. However, review of the supporting schedules and payment vouchers revealed that an expenditure of Kshs.620,273 related to environment climate projects and imprests.

In the circumstances, the expenditure of Kshs.620,273 was misclassified.

4. Tax Arrears

Review of financial records and books of accounts revealed that the Fund did not report tax arrears. However, letter Ref: NG-CDFB/CEO/KNA/VOL V.7 (6), on tax arrears communicated by the Kenya Revenue Authority (KRA) and relating to enforcement of outstanding taxes owed by National Government Constituencies Development Funds (NG-CDF) showed Kitutu Masaba Constituency owed Kenya Revenue Authority a total of Kshs.51,775,327. Management failed to maintain an updated and reconciled schedule of statutory obligations, resulting to the omission of the tax arrears from the financial statements.

In the circumstance, the omission of the tax arrears from the financial statements could be misleading and non-compliant with IPSAS requirements for completeness and accuracy.

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 Masaba Constituency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.263,535,889 and Kshs.219,644,542 respectively resulting in under-funding of Kshs.43,891,347. Similarly, the Fund spent Kshs.169,394,367 against actual receipts of Kshs.219,644,542 resulting to under-absorption of Kshs.50,250,175 or 23% of the actual receipt.

My opinion is not modified in respect of this/these matter(s).

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on the Effectiveness of Internal Controls, Risk Management, and Governance. However, these issues were not resolved contrary to section 149(2)(l) of the

Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Compliance with the Laws on Affirmative Action

a. Regional Balance

A review of the payroll and personnel records revealed that all six (6) contractual and casual employees engaged by the Fund during the year were from the dominant local ethnic community.

In the circumstances, the Fund was in breach of Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 and Article 232(h) of the Constitution of Kenya, 2010

b. Persons with Disabilities

Review of the personnel records revealed that none of the six (6) staff was Person with Disabilities. This is contrary to Section 13 of the Persons with Disabilities Act, 2003, which states that there shall be a reservation of five percent of all casual, emergency, and

contractual positions in employment in the public and private sectors for persons with disabilities.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Reports

Review of internal controls, risk and governance structures of the Fund revealed that the Management had not established internal audit function in the year under review to assess the effectiveness of internal controls operations, risk management and governance contrary to Section 73 (1) of the Public Finance Management Act, 2012. Further, there were no internal audit reports.

In the circumstances, the effectiveness of internal control systems could not be confirmed.

2. Failure to Submit Emergency Returns

The statement of financial performance reflects other grants and transfers amount of Kshs.105,518,646. Included in this amount is Kshs.9,002,000 for the emergency reserve as disclosed in Note 14 to the financial statements. However, the management did not make expenditure returns to the National Government Constituencies Development Fund Board contrary to Regulation 20(2) of the National Government Constituencies Development Fund Regulations, which requires that the utilization of the emergency reserve shall be reported to the Board within thirty (30) days of the occurrence of the emergency, in the format prescribed by the Board.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The 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

16 December, 2025

Appendices

Appendix 1

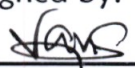
Basis For Qualification
1.0 Inaccuracy of the Financial Statement 1.1- Inaccuracy of Cash and Cash Equivalentents 1.2 Unsupported Project Management Committee Bank Accounts Balance 1.3 Variances in the Employee Cost
Report on Lawfulness and Effectiveness In the use of Public Resources
1.0 Compensation of Employees 1.1 Irregular Engagement of Temporary Employees
2.0 Transfers to Other Government Units 2.1 Un-Procedural Change of Project Scope 2.2 Poor Workmanship-Kiendege Secondary School 2.3 Unsupplied Goods-St Paul's Manga Orutubia Secondary School 2.4 Procurements Not Delivered – St Albert Girango Secondary School
3.0 Anomalies in Bursary Payments 3.1 Lack of Supporting Documents 3.2 Beneficiary With Multiple Bursaries / Double Payments 3.3 Students with same admission Number in Same School
Report on Effectiveness of Internal Controls, Risk Management and Governance
1.1 Weak Information Technology Internal Control Environment
1.2 Lack of Internal Audit Function
1.3 Lack of Risk Management Policy and Assessment Report

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

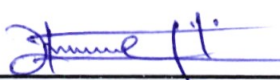
11. Statement of Financial Performance for the Year Ended 30th June 2025

	Note	Period ended June 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	188,414,052
Grants/donations from other entities	7	-
Revenue from exchange transactions		
Finance income	8	-
AIA	9	-
Total revenue		188,414,052
Expenses		
Employee costs	10	6,142,614
Committee expenses	11	6,200,290
Use of Goods and Services	12	14,882,033
Other Government Units Actual expenditure	13	33,565,517
Other Grants and Transfers Actual expenditure	14	105,518,646
Depreciation and amortization expense	15	-
Digital Hubs Actual expenditure	16	3,085,267
Total expenses		169,394,367
Other gains/(losses)		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
Surplus/(Deficit) for the year		19,019,685

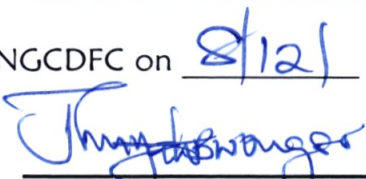
The Constituency financial statements were approved by the NGCDFC on 8/12/2025 and signed by:



Chairman NG-CDF
Committee
Name: Vane Ombaso



National Sub-County
Accountant
Name: Stephen Orina
ICPAK M/No: 15252



Fund Account Manager
Name: John Onger

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

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

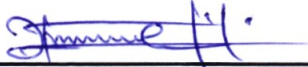
	Note	Period as at June 2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	19	82,932,806	38,428,259
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	11,979,756	36,693,578
Prepayments	22	-	-
Total Current Assets		94,912,562	75,121,837
Non-Current Assets			
Property, Plant and Equipment	23	-	-
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
Total Non- Current Assets		-	-
Total Assets (A)		94,912,562	75,121,837
Liabilities			
Current Liabilities			
Trade and Other Payables	26	-	-
Third-Party Deposits	27	-	-
Lease Liabilities	28	-	-
Gratuity provision	29	1,487,450	716,410
Total Current Liabilities		1,487,450	716,410
Non-Current Liabilities			
Lease Liabilities	28	-	-
Total Liabilities (B)		1,487,450	716,410
Net Assets (A-B)		93,425,112	74,405,427
Represented by:			
Revaluation Reserves		74,405,427	74,405,427
Accumulated Surplus		19,019,685	
Total Net Assets		93,425,112	74,405,427

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

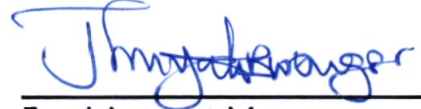
The Constituency financial statements set out on pages 2 to 3 approved by NG CDFC on 2/12/2025 and signed by:



Chairman NG-CDF
Committee
Name: Vane Ombaso



National Sub-County
Accountant
Name: Stephen Orina
ICPAK M/No: 15252



Fund Account Manager
Name: John Onger

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

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

Description	Reserves	Accumulated	Total
		surplus/Deficit	
	Kshs	Kshs	Kshs
As at 30 th June 2024 (cash basis)	10,724,414	-	10,724,414
Adjustments: (to recognize assets and liabilities)			0
Add Assets	64,397,423		64,397,423
Less Liabilities	716,410		716,410
As at July 1, 2024	74,405,427		74,405,427
			0
Surplus/(Deficit) For the Period		19,019,685	19,019,685
Revaluation Gain/Loss	-	-	-
As at 30th June 2025	74,405,427	19,019,685	93,425,112

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.

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

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

	Notes	Period ended June 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		219,644,542
Grants/donations from other entities		
Finance income		
Miscellaneous income		
Total Receipts		
Payments		219,644,542
Employee costs		6,142,614
Committee expenses		6,200,290
Use of Goods and Services		14,882,033
Other Government Units Certified Works		33,565,517
Other Grants and Transfers		105,518,646
Digital Hubs Expenses		8830895
Total Payments		175,139,995
Net Cash Flows from/ (used in) Operating Activities	30	44,504,547
Cash flows From Investing Activities		
Purchase of PPE		
Purchase of Intangible assets		
Proceeds From Sale of PPE		
Net Cash Flows from Investing Activities		
Net increase/(decrease) in cash & Cash equivalents		44,504,547
Cash Flows from Financing Activities		
Lease payment		
Net Cash Flows from Financing Activities		44,504,547
Cash and cash equivalents at Period Start	19	38,428,259
Cash and cash equivalents at Period End	19	82,932,806

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	A	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	<i>FY 2024/25</i>	Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding disbursements	<i>FY 2024/25</i>	<i>FY 2024/2025</i>		
Revenue							
Transfers From the NGCDF Board	188,414,052	38,428,259	36,693,578	263,535,889	219,644,542	43,891,347	83%
Grants/donations from other entities	-	-	-	-	-		

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

Finance income	-	-	-	-			
Miscellaneous income	-	-	-	-			
Totals	188,414,052	38,428,259	36,693,578	263,535,889	219,644,542	43,891,347	83%
Expenses							
Employee costs	4,771,000	600,574	-	5,371,574	6,142,614	-771,040	100%
Committee expenses	5,098,000	1,882,018	-	6,980,018	6,200,290	779,728	100%
Use of Goods and Services	7,088,264	1,703,827	-	8,792,091	14,882,033	-6,089,942	100%
Other Government Units Certified Works	71,800,000	24,044,002	26,571,156	122,415,158	33,565,517	88,849,641	25%
Other Grants and Transfers	94,004,367	10,047,838	6,943,948	110,996,153	105,518,646	5,477,507	94%
Acquisition of Assets	-	150,000	-	150,000	0	150,000	0%
Digital Hubs Expenses	5,652,421	-	3,178,474	8,830,895	3,085,267	5,745,628	35%
Other Payments	0	0	0	0	0	0	-
Total Expenditure	188,414,052	38,428,259	36,693,578	263,535,889	169,394,367	94,141,522	64%

Explanatory Notes.

Other Certified Works- 25% PMC works ongoing, projects at different stages of completion

Other grants and transfer- 94%- Unutilized environmental activities and bursaries rolled over to current financial year

Digital Hubs at 35%, Construction of constituency Digital Hubs on going and another yet to start.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	94,141,522
Less undisbursed funds receivable from the Board as at period 30 th June, 2025	11,208,716
Cash and Cash Equivalents at the end of the 30 th June 2025	82,932,806

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 8/12 2025 and signed by:



Fund Account Manager

Name: John Onger



National Sub-County Accountant

Name: Stephen Orina
 ICPAK M/No: 15252



Chairman NG-CDF Committee

Name: Vane Ombaso

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous		comparable basis	
			Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	4,771,000	600,574	-	5,371,574	6,142,614	-
1.2 Committee allowances	2,798,000	1,555,090	-	4,353,090	6,200,290	-
1.3 Use of goods and services	3,735,843	197,541	-	3,933,384	3,933,384	-
Sub-total	11,304,843	2,353,205	-	13,658,048	16,276,288	-
2.0 Monitoring and evaluation						
2.1 Capacity building	800,000	1,171,029	-	1,971,029	1,971,029	-
2.2 Committee allowances	2,300,000	326,928	-	2,626,928	2,626,928	-
2.3 Use of goods and services	2,552,421	335,257	-	2,887,678	2,887,678	-
Sub-total	5,652,421	1,833,214	-	7,485,635	7,485,635	-
4.0 Emergency						
Unutilized	914,529	39,718	-	954,247	954,247	0
Esani Loc. Chiefs Camp	360,000	-	-	360,000	359,000	1,000
Mosobeti Dok	840,000	-	-	840,000	837,000	3,000

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
			Kshs		Kshs	
Tombe Sda Primary School	840,000	-	-	840,000	838,000	2,000
Kemera Location Chiefs Camp	412,000	-	-	412,000	412,000	-
Kiabiraa Deb	840,000	-	-	840,000	839,000	1,000
Nyambaria DEB	840,000	-	-	840,000	839,000	1,000
Riamachana Deb Primary	840,000	-	-	840,000	839,000	1,000
Enchoro Primary	840,000	-	-	840,000	839,000	1,000
Biticha Dok	840,000	-	-	840,000	839,800	200
Riamoni Chiefs Office	1,000,000	-	-	1,000,000	998,000	2,000
Nyaboye Primary	300,000	-	-	300,000	299,000	1,000
Nyabiosi Dok	1,050,000	-	-	1,050,000	1,049,000	1,000
Sub-total	9,916,529	39,718	-	9,956,247	9,942,047	14,200
5.0 Bursary and Social Security						
5.1 Primary Schools				-		
5.2 Secondary Schools	43,000,000	1,693,754		44,693,754	44,693,754	-

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
5.3 Tertiary Institutions	30,420,000	2,479,800		32,899,800	32,899,800	-
5.4 special needs	1,945,620	339,330		2,284,950	2,284,950	-
5.5 Education Support Programmes				-		-
5.6 Social Security				-		-
Sub-total	75,365,620	4,512,884	-	79,878,504	79,878,504	-
7.0 Environment						
Rigoma DEB Primary School	180,218	-	-	180,218	180,218	-
Karantini Primary School	180,218	-	-	180,218	180,218	-
Mongoni Primary School	180,218	-	-	180,218	180,218	-
Riyabe Primary School	180,218	-	-	180,218	180,218	-
Nyabuya Primary School	180,218	-	-	180,218	180,218	-
Riooga Primary School	180,218	-	-	180,218	180,218	-
Omogwa Primary School	180,218	-	260,000	440,218	440,218	-
Entanda Primary School	180,217	-	-	180,217	180,217	-

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Nyakongo DOK Primary School	180,217	-	-	180,217	180,217	-
Kebobora Primary School	180,217	-	-	180,217	180,217	-
Kebirichi Primary School	180,217	-	-	180,217	180,217	-
Nyagechenche Primary School	180,217	-	-	180,217	180,217	-
Nyambaria DEB Primary School	180,217	-	-	180,217	180,217	-
Kitutu Masaba Environmental Activities	-	2,754,183	-	2,754,183	2,754,183	-
Riamoni Primary school	-	-	260,000	260,000	260,000	-
Mokomoni primary school	-	-	260,000	260,000	260,000	-
Bobaru DEB primary school	-	-	260,000	260,000	260,000	-
Irianyi secondary school	-	-	260,000	260,000	260,000	-
Nyamare sda primary school	-	-	183,079	183,079	183,079	-
Riabore Deb Primary school	-	-	183,079	183,079	183,079	-
Girango Primary school	-	-	183,079	183,079	183,079	-
Ekerubo DOK Primary school	-	-	183,079	183,079	183,079	-
Machururiati sda primary school	-	-	183,079	183,079	183,079	-
Iranya PAG primary school	-	-	183,079	183,079	183,079	-
Kiogutwa SDA Primary school	-	-	260,000	260,000	260,000	-

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
			Kshs		Kshs	
Eronge primary school	-	-	260,000	260,000	3,267	256,733
Nyamotenio primary school	-	-	260,000	260,000		260,000
Sub-total	2,342,828	2,754,183	3,178,474	8,275,485	7,758,752	516,733
8.0 Primary Schools Projects						
Riamachana Deb Primary School	-	3,540	-	3,540		3,540
Nyagechenche Dok Primary School	-	20,400	-	20,400		20,400
Rionguti Dok Primary School	-	22,240	-	22,240		22,240
Riomoro Dok Primary School	-	2,375	-	2,375		2,375
Nyaisa Deb Primary School	-	75,500	-	75,500		75,500
Sengera Deb Primary School	-	1,440	-	1,440		1,440
Motembe Dok Primary School	-	1,684	-	1,684		1,684
Riogoro Pag Primary School	-	6,166	-	6,166		6,166
Kiabiraa Primary School	-	67,500	-	67,500	64,560	2,940
Bitundugusu Primary School	-	134,576	-	134,576	128,576	6,000
Moromba PAG Primary School	-	652,391	-	652,391		652,391
Miriri Deb Primary School	-	454,696	100,000	554,696	554,242	454

National Government Constituencies Development Fund (NGCDF)
Kitutu Masaba Constituency
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	utilization
						difference
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Ikonge Sda Primary School	-	859,146	100,000	959,146	853,546	105,600
Ikobe Deb Primary School	-	473,000		473,000		473,000
Riogoro Pag Primary School	-	6,166		6,166		6,166
Nyamwanga Dok Primary School	-	3,000		3,000		3,000
Sengereri Deb Primary School	-	2,958,997		2,958,997		2,958,997
Nyakongo Dok Primary School	-	550		550		550
Entanda Primary School	-	1,464,712		1,464,712		1,464,712
Kenyerere Primary School	-	3,222		3,222		3,222
Borabu Deb Primary School	-	3,713		3,713		3,713
Kiamogiti Prmary School	-	1,102,550		1,102,550	1,099,340	3,210
Kebirichi Dep Primary School	-	2,971,489		2,971,489	2,814,550	156,939
Kiomonso Elck Primary School	-	1,513		1,513		1,513
Mokwerero Deb Primary School	-	969,997		969,997		969,997
Nyabiosi Primary School	-	470,994	400,000	870,994	870,069	925
Nyabuya Primary School	-	48,490		48,490		48,490
Nyambaria Deb Primary School	-	1,009,500		1,009,500	950,000	59,500
Nyamotenenio Primary School	-	2,122	2,957,997	2,960,119	2,953,994	6,125

National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
			Kshs		Kshs	
Nyasimwamu Deb Primary School	-	530		530		530
Rigoma Deb Primary School	-	213,002		213,002		213,002
Rikenye Deb Primary School	-	6,718		6,718		6,718
Riooga Primary School	-	1,000		1,000		1,000
Riyabe Primary School	-	2,958,172		2,958,172	2,901,997	56,175
Kegogi Pag Primary School	-	1,701,000		1,701,000		1,701,000
Kegogi Dok Primary School	-	1,102,488		1,102,488		1,102,488
Omogwa Dok Primary School	-	1,000	1,100,000	1,101,000	1,095,966	5,034
Kiomakondo Primary School	-	1,000	2,137,810	2,138,810	2,136,994	1,816
Riabagaka Deb Primary School	-	4,284		4,284		4,284
Bocharia Primary School	-	3,963	2,366,910	2,370,873	2,361,817	9,056
Biticha Dok	-	2,488	1,100,000	1,102,488	1,038,034	64,454
Omogomba Sda Primary School	-	2,500		2,500		2,500
Bogwendo Pag Primary School	1,100,000	2,500	920,500	2,023,000	865,000	1,158,000
Nyangorora Primary School	-	255,131	1,744,869	2,000,000	1,997,021	2,979
Metamaywa Primary School	3,000,000	-	-	3,000,000		3,000,000
Botana Primary School	3,000,000	-	-	3,000,000		3,000,000

National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
			Kshs		Kshs	
Matangi Primary School	3,000,000	-	-	3,000,000		3,000,000
Eronge Dok Primary School	3,000,000	-	-	3,000,000		3,000,000
Riakworo Sda Primary School	3,000,000	-	-	3,000,000		3,000,000
Esani Primary School	3,000,000	-	-	3,000,000		3,000,000
Nyamakoroto Dok Primary School	3,000,000	-	-	3,000,000		3,000,000
Ekerubo Dok Primary School	3,000,000	-	1,242,570	4,242,570		4,242,570
Nyaibasa Dok Primary School	3,000,000	-	-	3,000,000		3,000,000
Riabagaka Primary School	3,000,000	-	-	3,000,000		3,000,000
Motembe Primary School	3,000,000	-	-	3,000,000		3,000,000
Nyachichi Dok Primary School	3,000,000	-	-	3,000,000		3,000,000
Kerongo Primary School	3,000,000	-	920,000	3,920,000		3,920,000
Gekano Dok Primary School	3,000,000	-	-	3,000,000		3,000,000
Kenyerere Pag Primary School	3,000,000	-	-	3,000,000		3,000,000
Geke Primary School	3,000,000	-	-	3,000,000		3,000,000
Kiogutwa Primary School	3,000,000	-	-	3,000,000		3,000,000
Omogomba Primary School	3,000,000	-	-	3,000,000		3,000,000
Mochenwa Primary School	1,100,000	-	-	1,100,000		1,100,000

National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Iranya Pag Primary School	1,100,000	-	-	1,100,000		1,100,000
Nyangena Primary And Junior School	1,100,000	-	-	1,100,000		1,100,000
Sirate Deb Primary School	1,100,000	-	-	1,100,000		1,100,000
Kenyamware Deb Primary School	1,100,000	-	-	1,100,000		1,100,000
Nyaisa Boarding Primary School	1,100,000	-	-	1,100,000		1,100,000
Nyaikuro Primary School	1,100,000	-	-	1,100,000		1,100,000
Nyamakairo Primary School	4,000,000	-	-	4,000,000		4,000,000
Kegogi Pag Primary School	2,000,000	-	-	2,000,000		2,000,000
Chitago Primary School	-	-	100,000	100,000		100,000
Kebobora Dok Primary School	-	-	1,602,800	1,602,800	1,602,281	519
Sub-total	68,800,000	20,047,442	16,793,456	105,640,898	24,287,987	81,352,911
9.0 Secondary Schools Projects (List all the Projects)						
St. Anatole Nyanchori sec. school	-	999,488	4,550,500	5,549,988	4,493,987	1,056,001
Riomanga sec. school	-	1,228	2,427,200	2,428,428		2,428,428
St. Andrews Nyabigege Secondary School	-	22,000	-	22,000		22,000
St. Paul Manga Orotuba Secondary School	-	127,800	-	127,800		127,800

*National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements		comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Kiendege Secondary School	-	34,750	-	34,750		34,750
Manga Model Girls Sec. School	-	618,141	-	618,141		618,141
St. Joseph Nyaguku Secondary school	-	616,000	400,000	1,016,000	400,000	616,000
st. albert girango secondary school	-	9,171	-	9,171		9,171
KERONGETA SECONDARY SCHOOL	-	1,121,150	400,000	1,521,150	900,000	621,150
Irianyi SDA secondary school	3,000,000	-	-	3,000,000		3,000,000
Nyateko secondary school	-	-	2,000,000	2,000,000		2,000,000
				-		-
Sub-total	3,000,000	3,549,727	9,777,700	16,327,427	5,793,987	10,533,440
10.0 Tertiary institutions Projects (List all the Projects)						
				-		-
				-		-
Sub-total	-	-	-	-	-	-
11.0 Security Projects						
Central Kitutu Location Chiefs Office	-	7,691		7,691		7,691

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
Omogonchoro Location Chiefs office	-	144,096		144,096		144,096
miriri chiefs office	-	1,000		1,000		1,000
nyamakoroto chiefs office	-	43,376		43,376		43,376
east kitutu chiefs office	-	150,998		150,998		150,998
RIAMONI CHIEFS OFFICE	-	2,833,500		2,833,500	2,828,104	5,396
Tombe chiefs office	-	-	2,500,000	2,500,000		2,500,000
west kitutu chiefs office	3,189,695	-		3,189,695		3,189,695
Gachuba Location Chief's Office	-			-		-
Kemera Location Chief's Office	3,189,695	2,000		3,191,695	2,200,000	991,695
Sub-total	6,379,390	3,182,661	2,500,000	12,062,051	5,028,104	7,033,947
12.0 Acquisition of assets						
12.1 Motor Vehicles (including motorbikes)		150,000	-	150,000		150,000
12.2 Purchase, of furniture and fitiings				-		-
12.2 Construction of CDF office	-	-	-	-		-
Sub-total	-	150,000	-	150,000	-	150,000
13.0 Others						
Kenyerere Digital Hub	5,652,421	-	3,178,474	8,830,895	3,085,267	5,745,628

**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				
NGCDF Office Renovations		5,226	1,265,474		1,270,700	0	
NG-CDF Strategic Plan							
Sub-total	5,652,421	5,226	4,443,948	10,101,595	4,355,967	5,745,628	
Funds pending approval**							
unapproved projects		-					
AiA							
Sub-total	-	-	-	-	-	-	
Total	188,414,052	38,428,259	36,693,578	263,535,889	158,189,031	105,346,858	

(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 Masaba Constituency principal activity is Executing national government functions at 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 Masaba 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 Masaba has recognized all financial assets, including cash and cash equivalents held in the operational account, deposit account, and PMC bank accounts; receivables (amounts due from the Board and other parties); prepayments; property, plant, and equipment (PPE); and intangible assets acquired during the financial year 2023/2024 up to the reporting date.

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

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

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash-flows of an Entity. The new standard requires entities to recognize, 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 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. Not Applicable
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and 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 recognized 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. Not Applicable
IPSAS 46:	<i>Applicable 1st January 2025</i>

National Government Constituencies Development Fund (NGCDF)

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Standard	Effective date and impact:
Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Not Applicable</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Not Applicable</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</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>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</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>
IPSAS 50: Exploration	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the</p>

National Government Constituencies Development Fund (NGCDF)
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Standard	Effective date and impact:
For & Evaluation of Mineral Resources	<p>exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>Not Applicable</p>

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's

net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

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

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

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

c) Property, plant and equipment

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

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized

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

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

e) Intangible assets

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

f) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 2*

b) Financial liabilities

Classification

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

g) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

h) Provisions

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

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the

payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) Foreign currency transactions

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

n) Related parties

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

o) Cash and Cash Equivalents

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

p) Comparative figures

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

q) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Entity's* financial statements in conformity with IPSAS requires management to make judgments, estimates, and assumptions that affect the reported amounts

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of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgments, estimates, and assumptions made:

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

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

6. Transfers from the NGCDF Board

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Description	FY 2024/2025
	Kshs
NGCDFB Transfers (Allocation for the FY)	188,414,052
Total	188,414,052

7. Transfers from domestic and foreign partners

Description	FY 2024/2025
	Kshs
Grants	-
Total	-

8. Finance income

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

9. Miscellaneous income

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

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10. Employees cost

Description	Period ended June 2025
	Kshs
NG-CDFC Basic staff salaries	4,673,173
Personal allowances paid as part of salary	-
House Allowance	369,864
Transport Allowance	-
Leave allowance	36,000
Gratuity to contractual employees	863,040
Employer Contributions Compulsory national social security schemes	146,899
Employer Contributions Compulsory Housing levy	48,238
Employer contributions to National Industrial Training Authority	5,400
Other Specify	-
Total	6,142,614

11. Committee Expenses

	FY 2024/2025
	Kshs
Sitting allowance	1,847,200
Other Committee expenses	4,353,090
Total	6,200,290

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12. Use of Goods and services

Description	<i>Period ended June 2025</i>
	Kshs
Utilities, supplies and services	672,000
Communication, supplies and services	722,267
Domestic travel and subsistence	858,000
Printing, advertising and information supplies & services	1,180,881
Office Rent	-
Training expenses	2,033,000
Hospitality supplies and services	859,293
Insurance costs	-
Specialized materials and services	-
Office and general supplies and services	1,071,379
Fuel, oil & lubricants	2,217,217
Bank Charges	2,875
Routine maintenance – vehicles and other transport equipment	1,391,892
Routine maintenance – other assets	1,270,700
Strategic plan expenses	-
Other operating expenses	2,602,529
Total	14,882,033

13. Other Government Units Actual expenditure

Description	<i>FY 2024/2025</i>
	Kshs
Primary Schools Actual expenditure	28,065,517
Secondary Schools Actual expenditure	5,500,000
Tertiary Institutions Actual expenditure	-
Total	33,565,517

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14. Other Grants and transfers Actual expenditure

Description	<i>Period ended June 2025</i>
	Kshs
Bursary – secondary schools	44,693,754
Bursary – tertiary institutions	32,899,800
Bursary – special schools	2,284,950
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual Expenditure	8,879,390
Climate change mitigation projects	7,758,752
Emergency projects Actual Expenditure	9,002,000
Roads projects	-
Others specify	-
Total	105,518,646

15. Depreciation and Amortization Expenses

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

16. Digital Hubs Expenses

Description	<i>FY 2024/2025</i>
	Kshs
Construction/ renovation/ Actual expenditure	-
Digital Hub utility costs Water, Electricity,	3,085,267
Maintenance of ICT equipment	-
Maintenance of building	-
Others	-
Total	3,085,267

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17. Gain/loss on Sale of Assets

Description	Period Ending 2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Total Gain/loss on Sale of Assets	-

18. Impairment Loss

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

19. Cash and Cash Equivalent

Name Of Bank and Account No.	Period ended June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
<i>Equity Bank, Kisii Branch. Account no. 1240280987998 (Operations account)</i>	47,108,892	10,724,414
<i>Operations account pending closure (Indicate name & account no.)</i>		-
<i>Equity Bank Kisii Stage Branch Account No. (Deposit account)</i>	1,487,450	
<i>Equity Bank, Keroka Branch. Equity Bank, Kisii Stage Branch. (PMC's Accounts)</i>	34,336,464	26,987,435
Total	82,932,806	37,711,849

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20. Receivables from Exchange Transactions

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

i. Ageing Analysis for Receivables

Description	FY 2024/2025		Opening Statement 1 st July 2025	
	Kshs		Kshs	
	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	-	%	-	%
Total (a+b)	-	%	-	%

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21. Receivables from Non-Exchange Transactions

Description	FY 2024/2025		Opening Statement 1 st July 2025	
	Kshs		Kshs	
Transfers from NGCDFB	11,979,756		11,979,756	
Outstanding imprest	-		-	
Total	11,979,756		11,979,756	
Ageing Analysis- Receivables from non-exchange transactions	FY 2024/2025	% of the total	Opening Balance	% of the total
Less than 1 year	11,979,756	100%	-	100%
Between 1- 2 years		0%	11,979,756	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total (a+b)	11,979,756	100%	11,979,756	100%

22. Prepayments

Description	FY 2024/2025		Opening Statement 1 st July 2025	
	Kshs		Kshs	
Prepaid Rent	-		-	
Prepaid Insurance	-		-	
Prepaid Electricity Costs	-		-	
Other Prepayments	-		-	
Total	-		-	

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23. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastru cture assets	Furniture and fittings	Computers & ICT Equipment	Work in progress	Service concessi on assets	Total
Depreciation Rate		10%	25.00%	20%	12.50%	30.00%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
As At 30 th Jun 2025	-	-	-	-	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-	-	-	-	-
Opening bal accumulated depreciation 1st July 2024	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
As At 30 th Jun 2025	-	-	-	-	-	-	-	-	-
Net Book Values	-	-	-	-	-	-	-	-	-
Opening Bal as at 1 st July 2024	-	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	-	-	-	-	-	-

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Valuation

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

22 b) Property, Plant and Equipment at Cost

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

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

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

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

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24. Intangible Assets

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

25. Right-of use assets

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

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26. Trade and Other Payables

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

27. Third-Party deposits

	Period ended June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Retention as at start of the period (A)	-	-
Retention held during the period (B)	4,302,785	-
Retention paid during the period (C)	4,302,785	-
Closing Retention as at period 2025, D= A+B-C	-	-

Retentions aging analysis.

	FY 2024/2025	% of the total	FY 2023/2024	% of the total
Less than 1 year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

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28. Lease Liabilities

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

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 1st July 2025</i>
	Kshs	Kshs
Gratuity at the beginning of the period (A)	716,410	-
Gratuity held during the period (B)	863,040	716,410.00
Gratuity paid during the period (C)	92,000	-
Total Gratuity provision as at period 2025 D=(A+B-C)	1,487,450.00	716,410.00

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30. Cash Generated from Operations

	<i>Period ended June 2025</i>
	Kshs
Surplus for the period before tax	19,019,685
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Changes in inventory	-
Changes in receivables	26,255,902
Changes in deferred income	-
Changes in Third party deposits	
Changes in gratuity provision	(771,040)
Changes in payments received in advance	-
Net cash flow from operating activities	44,504,547

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

31. Financial Risk Management

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

i) Credit risk

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

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

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June (FY 2024/2025)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	11,979,756	11,979,756	-	-
Bank balances	82,932,806	82,932,806	-	-
Total	94,912,562	94,912,562	-	-
As at 30 June (FY 2023/2024)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	36,693,578	36,693,578	-	-
Bank balances	38,428,259	38,428,259	-	-
Total	75,121,837	75,121,837	-	-

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

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Financial Risk Management

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

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June (FY 2024/2025)				
Trade payables	-	-	-	-
Current proportion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	1,487,450	1,487,450
Total	-	-	1,487,450	1,487,450
As at 30th June (FY 2023/2024)	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	716,410	716,410
Total	-	-	716,410	716,410

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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 recognized 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:

FY 2024/2025

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 th June (FY 2024/2025)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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Foreign currency sensitivity analysis
 FY 2024/2025

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 th June (FY 2024/2025)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Financial Risk Management

The following table demonstrates the effect on the 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
FY 2024/2025	N/A		
Euro	10%	-	-
USD	10%	-	-
Previous FY		-	-
Euro	10%	-	-
USD	10%	-	-

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

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obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

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

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

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June (FY 2024/2025)	N/A			
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
Total	-	-	-	-
As at 30 th June (FY 2023/2024)				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
Total	-	-	-	-

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

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iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the 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 st July 2025
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings		
Capital Reserve		
Total Funds		
Total Borrowings		
Less: Cash and Bank Balances		
Net Debt/(Excess Cash And Cash Equivalents)		
Gearing	-%	-%

32. Related Party Disclosures

	FY 2024/2025	Opening Statement 1 st July 2025
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	1,847,200	2,191,000
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	219,644,542	276,566,334
Total	221,491,742	278,757,334

33. Segment Information

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

34. Contingent Assets and Contingent Liabilities

Contingent Assets

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

Contingent Liabilities

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

35. Capital Commitments

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

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments maybe those that have been

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authorized by the board but at the end of the year had not been contracted or those already contracted for and ongoing).

36. Events after the Reporting Period

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

37. Ultimate And Holding Entity

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

38. Currency

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

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18. Annexes

Annex 1: Summary of Asset Register

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	27,500,000	-	-	27,500,000
Office equipment, furniture, and fittings	8,728,843	-	-	8,728,843
ICT Equipment and Other ICT Assets	3,165,440	-	-	3,165,440
Other Machinery and Equipment	1,319,700	-	-	1,319,700
Intangible assets	-	-	-	-
Total	40,713,983	-	-	40,713,983

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

PMC	Bank	Account number	Bank Balance Current period	Opening Statement 1 st July 2024
			Account balance 2024-2025	Bank Balance 2023-2024
Kerongeta Secondary School	Kisii Stage Branch	1240280578439	1,121,150.00	900,000.00
Central Kitutu Location Chiefs Office	Kisii Stage Branch	1240285119505	7,691.00	-
Omogonchoro Location Chiefs Office	Kisii Stage Branch	1240284952764	144,096.00	-
Riamachana Deb Primary School	Kisii Stage Branch	1240284561771	3,540.00	839,000
Nyambaso Sda Primary School	Kisii Stage Branch	0510284518567	-	-
Nyagechenche Dok Primary School	Kisii Stage Branch	0510282614332	20,400.00	-
Rionguti Dok Primary School	Kisii Stage Branch	0510282503363	22,240.00	-
Riomoro Dok Primary School	Kisii Stage Branch	0510284507026	1,000.00	-
Kibiraa Deb Primary School	Kisii Stage Branch	0510282564903	67,500.00	64,560
St. Andrews Nyabigege Secondary School	Kisii Stage Branch	0510282643219	22,000.00	-
St. Paul Manga Orotuba Secondary School	Kisii Stage Branch	0510282582552	127,800.00	-
Kiendege Secondary School	Kisii Stage Branch	1970284685099	34,750.00	-
Nyaisa Deb Primary School	Kisii Stage Branch	0510282382339	75,500.00	-
Sengera Deb Primary School	Kisii Stage Branch	0510284565960	1,440.00	-
Motembe Dok Primary School	Kisii Stage Branch	0510281272429	1,684.00	-
Riogoro Pag Primary School	Kisii Stage Branch	0510281349536	6,166.00	-
Omogonchoro Chiefs Office	Kisii Stage Branch	1240284952764	144,096.00	-
Central Kitutu Chiefs Office	Kisii Stage Branch	1240285119505	7,691.00	-
Manga Model Gils Sec School	Kisii Stage Branch	0510282452232	618,140.70	-

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PMC	Bank	Account number	Bank Balance Current period	Opening Statement 1 st July 2024
Kiabiraa Deb Primary School	Kisii Stage Branch	0510282564903	67,500.00	-
Bitundugusu Primary School	Kisii Stage Branch	1970285346196	134,576.00	128,576
Moromba Pag Primary School	Kisii Stage Branch	1970285374948	1,100,600.00	-
Miriri Deb Primary School	Kisii Stage Branch	1970285367555	454,696.00	128,576
Ikonge Sda Primary School	Kisii Stage Branch	1970285374836	859,146.00	853,546
Ikobe Deb Primary School	Kisii Stage Branch	0510282373731	473,000.00	-
Riogoro Pag Primary School	Kisii Stage Branch	0510281349536	6,166.00	-
Nyamwanga Dok Primary School	Kisii Stage Branch	0510282517640	3,000.00	-
Sengereri Deb Primary School	Kisii Stage Branch	1240285419539	2,958,997.00	-
Nyakongo Dok Primary School	Kisii Stage Branch	0510282062872	550.00	-
Entanda Primary School	Kisii Stage Branch	1240279560235	1,464,711.50	-
St. Joseph Nyaguku Secondary School	Kisii Stage Branch	1970285345864	616,001.00	-
Kenyerere Primary School	Keroka branch	1240282464494	3,221.50	-
Borabu Deb Primary School	Keroka branch	1240282262226	3,712.50	-
Kiamogiti Primary School	Keroka branch	1240281147953	1,102,550.00	1,099,340
Kebirichi Dep Primary School	Keroka branch	1240280614076	2,971,489.00	2,814,550
Kiomonso Elck Primary School	Keroka branch	1240281235583	1,513.00	-
Miriri Chiefs Office	Keroka branch	1240285052206	1,000.00	-
Mokwerero Deb Primary School	Keroka branch	1240285360519	969,997.00	-
Mongoni Secondary School	Keroka branch	1240279738419	5,470.00	-
Nyabiosi Primary School	Keroka branch	1240280074199	470,993.95	870,069
Nyabuya Primary School	Keroka branch	1240282344339	48,490.00	-
Nyambaria Deb Primary School	Keroka branch	1240285362551	1,009,500.00	950,000

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PMC	Bank	Account number	Bank Balance Current period	Opening Statement 1 st July 2024
Nyamakoroto Chiefs Office	Keroka branch	1240284555365	43,376.00	-
Nyamotenenio Primary School	Keroka branch	1240282322224	2,121.50	2,953,994
Nyasimwamu Deb Primary School	Keroka branch	1240280035798	530.05	-
Rigoma Deb Primary School	Keroka branch	1240280170916	213,002.05	-
Rikenye Dok Primary School	Keroka branch	1240279918295	6,718.00	-
Riooga Primary School	Keroka branch	1240285483441	1,000.00	-
Riyabe Primary School	Keroka branch	1240280088705	2,958,172.00	2,901,997
St. Albert Girango Secondary School	Keroka branch	1240284555154	9,171.00	-
Kegogi Pag Primary School	Keroka branch	1240285365415	1,701,000.00	-
Kegogi Dok Primary School	Keroka branch	1240282553384	1,102,487.50	-
East Kitutu Chiefs Office	Keroka branch	1240284707537	150,998.00	-
		totals	23,342,341.25	14,504,208

Annex 3: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/NG-CDF KM/001	<p>1.1 Inaccuracy of the Financial Statements</p> <p>The statement of assets and liabilities as disclosed in Note 11A to the financial statements reflects cash and cash equivalents balance of Kshs.10,724,414. The bank reconciliation statements for the month of June 2024 reflects payments in the cash book not yet recorded in the bank statements of Kshs.25,827,564. The latter amount includes cheque no. 004687 dated 20 March, 2024 for Kshs. 35,000 which was reflected in the list of unrepresented cheques as Kshs. 5,000, leading to unreconciled and unexplained variance of Kshs.30,000. Further, included in the list of unrepresented cheques are cheques payments for Bursary and to the Commissioner of Income Tax amounting to Kshs.2,141,715 which have remained unrepresented beyond the six months mandatory period.</p> <p>In the circumstances, the accuracy and completeness of cash and cash equivalent of Kshs.10,724,414 could not be</p>	<p>Management concedes with the Auditors findings and recommendations and have since adjusted the Financial Statement accordingly to reflect the true position of the Cash and Cash Equivalents at the end of the financial year under review.</p>	<p>Not yet Resolved</p>	<p>June 30th 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)
	confirmed.			
OAG/NG-C DF KM/002	<p>1.2 Unsupported Project Management Committee Bank Accounts Balances Disclosure Note 19.4 and Annex 5 to the financial statements reflects Project Management Committee (PMC) bank balances of Kshs.10,565,828 and Kshs.23,342,341 respectively. The variance of Kshs.12,776,513 has not been explained. Further, the cashbooks, bank reconciliation statements and certificates for the individual PMC accounts were not provided for audit. In the circumstances, the accuracy and completeness of Project Management Committee bank balances of 10,565,828 and Kshs. 23,342,341 could not be confirmed.</p>	<p>During the Audit exercise, management had presented the Projects Management Committees Bank Statements for review. for the confirmatory of the various PMCs bank balances, the management has provided the Bank Certificates to show the true position of the Bank Balances for various Project Management Committees.</p>	Not yet Resolved	June 30th 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)
OAG/NG-C DF KM/003	<p>1.3 Variance in the Employee Cost The statement of receipts and payments and as disclosed under note 4 to the financial statement reflects Kshs. 5,887,769 incurred on compensation of employees. A review of the financial statement figure and the payroll of Kshs.5,887,769 and Kshs.5,974,842 respectively reflected an unexplained variance of Kshs.87,073. Further, nine employees' gross salaries kept on varying from one month to the other, Kshs 153,000 in July to Kshs.258,800 in June 2024 and the management did not provide any documentary evidence to incorporate those changes into the payroll. In the circumstances, the accuracy and completeness of employees cost of Kshs. 5,887,769 could not be confirmed.</p>	<p>The variance in Employee costing was orchestrated by change in Engagement terms i.e Probationary and Contract Terms. The Initial couple of payments for the three months was on the initial engagements and the latter was the confirmations of the better terms (2 Years Contract) that caused the discrepancy.</p>	Not yet Resolved	June 30th 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)
OAG/NG-C DF KM/004	<p>1.4 Misclassification of Expenses The statement of receipts and payments as is disclosed under note 5 to the financial statement reflects Kshs.5,609,000 incurred on committee expenses. Included is an amount of Kshs.125,000 related to office expenses. Further, staffs' expenditure amounting to Kshs.454,000 related to domestic and subsistence allowance were also classified as committee expenses. This resulted to overstating of committee expenses.</p> <p>In the circumstances, the accuracy and completeness of the committee expenses of Kshs. 5,609,000 could not be confirmed.</p>	<p>Management regrets for the incorrect capture of data in the IPSAS Excel worksheet during the Annual Expenditure Returns. However, the rightful and necessary adjustments have since been done in the Financial Statement and now reflects the true position of the statement of accounts for the audit under review.</p>		
OAG/NG-C DF KM/005	<p>1.5 Irregular Expenditure on Fuel The statement of receipts and payments as disclosed in Note 6 to the financial statements reflects use of goods and services of Kshs. 9,332,396. Included in this amount is Kshs.2,710,000 spent on Fuel, oil and lubricants. A review of documents provided revealed the following anomalies:</p>	<p>The earlier practice of consumption of fuel before payments ceased to be in effect. This was due to change and volatility</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>i. Fuel is paid for before consumption however there is no form of agreement between the parties.</p> <p>ii. The management did not provide a fuel register.</p> <p>iii. The work tickets of the vehicles drawing fuel were not provided.</p> <p>iv. The detail orders for authorization of fuel were not availed.</p> <p>v. The payments were not supported by supplier statements showing the consumption of fuel, therefore, a reconciliation between the fuel register, work tickets and the supplier statement may not have been carried out.</p> <p>In the circumstances, the accuracy and completeness of Fuel, oil and lubricants amounting to Kshs.2,710,000 could not be confirmed</p>	<p>in pricing fluctuations hence leading to many fuel service providers going down. In most cases, the exchequer delays disbursements of funds to NGCDF agencies making delayed payments. This has orchestrated many bulk fuel providers hard times in recurring their endeavors.</p> <p>The commitment of fuels through the Local Purchase Orders forms the official Agreement between the two parties. So, we commit fuels of the amounts at bank and</p>	<p>Not yet Resolved</p>	<p>June 30th 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>consume according to the present pump pricing to protect the merchants survive in the market.</p> <p>The management have since provided the necessary documentations for the same as annexed therein earlier.</p> <p>See Annex IX</p> <p>(a) Contract agreement/LPO (b) – Fuel register (c) – work tickets (d) – Detail orders (e) – Fuel Statements</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)
OAG/NG-CDF KM/006	<p>1.6 Unsupplied Goods-St. Paul's Manga Orotuba Secondary School</p> <p>The statement of receipts and payments as disclosed in Note 7 to the financial statements reflects Kshs. 97,501,697 on transfers to other government units. Included in this amount is Kshs.21,565,700 being transfers to secondary schools. The latter amount includes Kshs.2,430,210 disbursed to St. Paul's Manga Orotuba secondary schools for construction of dining hall and supply of chairs and books, where the following observations were made.</p> <ul style="list-style-type: none"> i. The contractor was to supply 100 chairs at a cost of Kshs.1,000 each but only supplied 62 chairs. 38 chairs were not supplied at a total cost of Kshs.38,000. ii. A supply of 50 book racks at a cost of Kshs.8,500 each was never delivered at a total cost of Kshs.425,000. iii. The 5,000-litre tank was not labelled. <p>In the circumstances, the accuracy and completeness of Kshs.2,430,210 disbursed to the school could not be confirmed.</p>	<p>The auditor's observation is true and Management responds as follows:</p> <p>The supply of the required commodities varied with the market changes in the hard economic times that resulted to adjustments in costing element hence supplying the numbers indicated.</p>	Not yet Resolved	June 30th 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)
OAG/NG-C DF KM/007	<p>1.7 Unsupplied Goods-St. Albert Girango Secondary School</p> <p>The statement of receipts and payments as disclosed in Note 7 to the financial statements reflects Kshs. 97,501,697 on transfers to other government units. Included in this amount is Kshs.21,565,700 being transfers to secondary schools. The latter amount includes Kshs.2,191,340 disbursed to St. Albert Girango secondary schools for construction of dining hall and supply of chairs and floor finishes, where the following observations were made.</p> <ul style="list-style-type: none"> i. As per the bill of quantities and the approved code list, the supplier was to supply 100 chairs at a cost of Kshs.1,500 each but only supplied 60 chairs, hence a deficit of 40 chairs at Kshs.60,000. ii. A total of 20 windows were to be supplied and fixed at a total cost of Kshs.213,560 but only 10 windows had been fixed iii. The floor finishes were to be done with terrazzo but instead tiles were done. <p>In the circumstances, the accuracy and completeness of Kshs.2,430,210 disbursed to the school could not be confirmed.</p>	<p>The auditor's observation was true and the management wishes to responds as follows:</p> <p>The supply of the required commodities varied with the market changes in hard economic times that resulted to adjustments in costing element hence supplying the numbers indicated.</p>	Not yet Resolved	June 30th 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)
OAG/NG-CDF KM/008	<p>2.0 Anomalies in Bursary Payments</p> <p>The statement of receipts and payments for the financial year ended 30 June 2024 reflects Kshs.110,999,964 in respect to other grants and other transfers. Included in this amount is Kshs.37,967,460 and Kshs.28,483,500 relating to Bursary in Secondary Schools and Tertiary Institutions respectively as detailed under note 8 to the financial statements. The following anomalies were noted:</p> <p>2.1 Lack of Supporting Documents</p> <p>The bursary disbursements of Kshs.37,967,460 and Kshs.28,483,500 relating to Secondary Schools and Tertiary Institutions respectively were not supported by the following important documents as is required.</p> <ul style="list-style-type: none"> i. Approved bursary policy and/or criteria ii. Bursary application register with names of beneficiaries and schools. iii. Ward committee minutes 	<p>The auditors' observations could not reflect the true image of our bursary processing procedures. However, the committee (Management) has since provided with this response all the necessary documentations to the effect of the issue.</p>	Not yet Resolved	June 30th 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)
OAG/NG-C DF KM/009	<p>2.2 Beneficiaries With Multiple Bursaries/ Double Payments</p> <p>Records provided for audit indicated that five (5) students who benefited from the Fund were issued with multiple bursaries totaling to Kshs.70,000 without any reasonable justification. This is an indication of weak internal control system unable to detect or deter multiple issuances of bursaries as detailed below:</p>	<p>The management regrets the few duplications out of the many (thousands) successful applicants. However, management will strive to minimize the errors by commencing the vetting of applicants and verification of successful applicants in real-time.</p>	Not yet Resolved	June 30th 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)
OAG/NG-CDF KM/010	<p>2.3 Students With Same Admission Number in the Same School</p> <p>Analysis of the schedule for bursaries to secondary schools revealed two (2) students in the same school shared the same admission number but have different names totaling to Kshs.10,000 as shown below:</p> <p>In the circumstances, the accuracy, completeness and validity of Kshs.66,450,960 incurred in respect to Bursary payments could not be confirmed.</p>	<p>The management regrets the few typos during data entry. However, the bursary institutions usually help us in mitigating this risk by crediting the correct amount to the right beneficiary student(s) upon making phone calls/email correspondences to the NG-CDF office for confirmations.</p>	Not yet Resolved	June 30th 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)
OAG/NG-C DF KM/011	<p>Other Matter</p> <p>Unresolved Prior Year Matters</p> <p>The audit report for the previous year highlighted several issues on the Report on Financial statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given explanation for the failure to implement the recommendations.</p> <p>Basis for Conclusion</p> <p>1.0 Compensation of Employees</p> <p>1.1 Irregular Engagement of Temporary Employees</p> <p>The statement of receipts and payments reflects compensation of employees' expenditure of Kshs.5,887,769 out of which an amount of Kshs.590,000 relates to payments to Liaison Officers, temporary employees. However, examination of documents provided for audit revealed that the Fund has been engaging casual labourers for more than three months on renewable terms contrary to</p>	<p>Following release of the NGCDF Board Circular on guidelines to constituencies on the recruitment of NGCDF staff, among the list was casual labourers whose duties are to coordinate the NGCDF activities at ward level.</p> <p>Since our constituency (Kitutu Masaba) if that vast comprising of two sub counties i.e Manga sub county and Masaba North sub county, Kitutu Masaba has got six big wards. Despite the fact that the engagement of the</p>	<p>Not yet Resolved</p>	<p>June 30th 2026</p>

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	<p>Section 37 of the Employment Act, 2007 (Revised 2012) which requires conversion of the casual employment to term contract.</p> <p>In the circumstances, Management was in breach of the law</p>	<p>casual labourers do not fall among the four key staff, however, Management wish to follow the stipulated rules and regulations of engagement.</p>		

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OAG/NG-CDF KM/012	<p>2.0 Transfer to Other Government Units 2.1 Un-Procedural Change of Project Scope The statement of receipts and payments as disclosed in Note 7 to the financial statements reflects Kshs. 97,501,697 relating to transfers to other government units. Included is an amount of Kshs.21,565,700 being transfers to secondary schools. The latter amounts include a disbursed of Kshs.4,272,940 to Manga Model Girls' School for the following works;</p> <ul style="list-style-type: none"> i. Construction of forty (40No.) cubicles dormitory. ii. Construction of 10,000-litre tank. iii. Construction of an ablution block comprising of 5 door bathrooms, 6 door washrooms and sewerage system: iv. Plastering, tiling, plumbing works to the septic tank, with one washroom to cater for Person with Disabilities. <p>However, Physical verification of the project revealed change of the scope of the projects as follows;</p> <ul style="list-style-type: none"> i. The dormitory had only four (4) cubicles and a common hall instead of the 40 cubicles initially planned and approved. ii. The water tank was not in place too. iii. The washroom constructed for persons with 	<p>The auditor's observation was true, and also the NGCDF committee observed it during their routine Monitoring and Evaluations as programmed in the Kitutu Masaba M&E Annual Plan.</p> <p>The concerned PMC were reprimanded accordingly and going forward, management plans to undertake capacity building and have this issue as a topic among other topics to enable the PMCs implement projects as per approved scope of work activities</p>	Not yet Resolved	June 30th 2026

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	<p>disabilities was not equipped with necessary facilities to aid the disabled.</p> <p>iv. The septic tank as well was not constructed.</p> <p>In the circumstances, the value for money on the project could not be confirmed.</p>	<p>outlined in the approved code list.</p>		

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OAG/NG-CDF KM/013	<p>2.2 Poor Workmanship-Kiendege Secondary School The statement of receipts and payments as disclosed in Note 7 to the financial statements reflects Kshs. 97,501,697 on transfers to other government units. Included in the amount is Kshs.21,565,700 being transfers to secondary schools. The latter amount includes Kshs.2,021,210 disbursed to Kiendege secondary schools where the following observations were made; Physical verification of the 2 classrooms constructed revealed the following;</p> <ul style="list-style-type: none"> i. There was poor workmanship of the project as the walls had cracks ii. As per the bill of quantities, the contractor was to supply 100 chairs and lockers at Kshs.6,500 each (for a pair of chair and locker) but the contractor only supplied 80 chairs and lockers, hence a deficit of 20 at Kshs.130,000. iii. The flooring was to be done using terrazzo and a gypsum ceiling erected as per the approved code list and bill of quantities but instead tiles were done for the floor and a normal conventional ceiling was erected. iv. The tank bought and erected under the project was not labelled as a NG-CDF Kitutu Masaba project. v. The gutters harvesting rain water from the classrooms 	<p>The observation by the auditor is true. Management responses as follows. Management asserts that M&E exercise as outlined in the attached Annual M&E Plan is regularly conducted. See Appendix XII -The ground where the school is situated is totally swampy. During rainy dry season, the soils cracks hence affecting the floors and walls. - The suppliers price variations for the purchase and supply of lockers. - At the time of audit,</p>	Not yet Resolved	June 30th 2026

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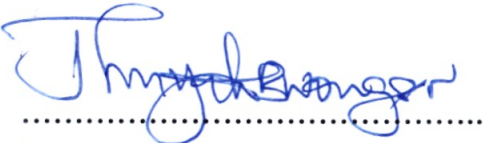
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>were poorly fitted, hence not performing as intended, revealing poor workmanship too.</p> <p>In the circumstances, the value for money from the project may not have been realized</p>	<p>some of the tanks were not labeled, however, have been labeled.</p>		

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OAG/NG-CDF KM/014	<p>1.2 Lack of Internal Audit Function</p> <p>A review of internal controls, risk and governance of the Fund revealed that they had not established an internal audit function in the year under review to assess the effectiveness of internal controls operations, risk management and governance. This is contrary to Section 73 (1) of the Public Finance Management Act, 2012 which emphasis on the need for every national government entity to ensure appropriate arrangements are in place to conduct internal audit according to the guidelines of the Accounting Standards Board.</p> <p>In the circumstances, the effectiveness of internal control systems established by the entity could not be confirmed.</p>	<p>Management states that being under the State Department of Planning and Finance, we rely on the Internal Auditors to obtain advice in order to mitigate risks. Further the NGCDF Board, has its own internal Audit Unit which serves us at the constituency level. Hence, we are not obliged to establish our own for it is not provided for in the NG-CDF organogram.</p>	Not yet Resolved	June 30 th 2026

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OAG/NG-CDF KM/015	<p>1.3 Lack of Risk Management Policy and Assessment Reports Review of the documents and records provided for audit review revealed that the Management had not established Risk Management Policy. This is contrary Regulations 165 (1) of the Public Finance Management Regulations (National Government), 2015 which states that 'states that the Accounting Officer shall ensure that the national government entity develops (a) risk management strategies, which include fraud prevention mechanism; and (b) a system of risk management and internal control that builds robust business operations.</p> <p>In the circumstances, Management was in breach of the law and was not able to identify risks and develop mitigating strategies.</p>	<p>The Management wishes to state that the Risk Policy is stipulated at the NGCDF Board Level -- "Risk Management". Regularly/Continuous ly (Monthly and Quarterly) all constituencies attest to risk questionnaires in a universal software programmed and rolled out to all constituencies. In cases of variations on reporting index is robustly addressed immediately.</p>	Not yet Resolved	June 30th 2026



Name: John Onger
Fund Account Manager