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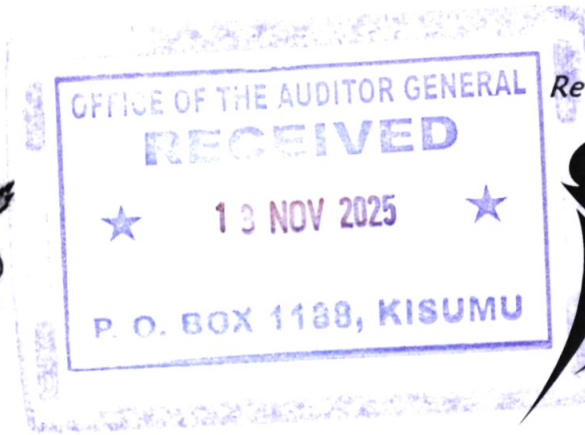
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 18 FEB 2026	DAY: WED
OF ABLED BY:	MAJORITY PARTY WITH HON. SIMON OBO
CLERK-AT-TABLE:	OBIRO

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND- VIHIGA
CONSTITUENCY**

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



Revised 30th June 2025



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

VIHIGA CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025**

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

National Government Constituencies Development Fund (NGCDF)
Vihiga 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.

(This list is an indication of the common acronyms and abbreviations; the Entity should include all from the annual report and financial statements prepared)

2. Key Constituency Information and Management

(a) Background information

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

Mandate

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

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

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

Vision

Equitable Socio-economic development countrywide.

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

The NGCDF VIHIGA 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	Joe Godwin Oduor
2.	National Sub-County Accountant	Henry Okumu
3.	Chairman NGCDFC	James Mundia
4.	Member NGCDFC	Dick Atsiaya
5.	Member NG CDFC	Clarice Anaye

(c) Fiduciary Oversight Arrangements

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

Vihiga Ngcdf Building/House/Plaza
Luanda Avenue/Road/Highway
Majengo KENYA.

(e) NGCDF VIHIGA Constituency Contacts

P.O. Box 816 - 50300
Telephone: (254) 725371259
E-mail: cdfvihiga@go.ke
Website: www.ngcdf.go.ke

(f) NGCDF VIHIGA Constituency Bankers

1. Main Account

The Cooperative Bank of Kenya
Mbale - Branch
P.O. Box 816 – 50300
Maragoli - Kenya

2. Deposit Account

The Cooperative Bank of Kenya
Mbale - Branch
P.O. Box 816 – 50300
Maragoli - Kenya

3. PMC Accounts

The Cooperative Bank
Mbale Branch
P.O. Box 816 - 50300
Maragoli - Kenya

KCB Bank
Mbale Branch
P.O. Box 1123 - 50300
Maragoli - Kenya

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(g) Independent Auditor

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




(h) Principal Legal Adviser

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

3. NGCDF Committee

Name	Details
 <p>Mr. James Mundia Male Adult Representative</p>	<p>Date Of Birth 08/6/1981</p> <p>Academic And Professional Qualifications</p> <ul style="list-style-type: none"> • Diploma In Nursing At Kisii Kmtc • Bachelor Of Science In Nursing At Uzima University <p>Work Experience 2007-2010 : Compassion International Esirabe Cdc</p> <ul style="list-style-type: none"> • Monitor Patient Health And Record Signs • Administer Medications And Treatment • Currently he is The Chairperson At Vihiga Ng-Cdf
 <p>Mrs. Nancy Mihadi Mavira Female Adult Representative</p>	<p>Date Of Birth 07/05/1980</p> <p>Academic And Professional Qualifications</p> <ul style="list-style-type: none"> • Kcse – Kerongo Secondary School • Computer Certificate At Global Printers • A Community Mentor In Resource Project At World Bank <p>Work Experience</p> <ul style="list-style-type: none"> • Worked As An Enumerator For Census At Kenya National Bureau Of Statistics • Worked As A Receptionist At Lyanaginga Health Center • Currently she is serving as a Member to the Vihiga NG-CDF Committee




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 <p>Miss Clarice Anaye Female Youth Representative</p>	<p>Date Of Birth 01/01/1989</p> <p>Academic And Professional Qualifications</p> <ul style="list-style-type: none"> • Diploma In Television Program Production At Kenya Institute Of Mass Communication • Bachelor Of Science On Communication At Moi University • Masters In Communication And Media At Maseno University <p>Work Experience</p> <ul style="list-style-type: none"> • Independent And Electoral Boundaries Commission (Iebc) Returning Officer • Volunteer, Social Justice Movement, Vihiga County, And Western Chapter (Magharibi Social Justice Centre) • Currently she is Vihiga Ng-Cdf Female Youth Board Representative
 <p>Mr. Dick Atsiaya Kisivuli Coopted Member</p>	<p>Date Of Birth 01/01/1958</p> <p>Academic And Professional Qualifications</p> <ul style="list-style-type: none"> • P1 Certificate At Kamwenja Teachers Training College • Trainers Course In Understanding Devolution Ant Sun Set Hotel Kisumu <p>Work Experience</p> <ul style="list-style-type: none"> • Head teacher At Tsimbalo Primary, Emanda Primary, And Chanda Primary • Senior Executive Secretary • Knut Executive Secretary Vihiga Branch • Currently The Secretary Of The Committee At Vihiga Ng-Cdf
 <p>Mr. John Okono PWD Representative</p>	<p>Date Of Birth 01/01/1981</p> <p>Academic And Professional Qualifications</p> <ul style="list-style-type: none"> • Kcse • National Council For People With Disability Certificate • Certificate Of Participation In Ministry Of Education At Jomo Kenyatta Foundation. <p>Work Experience</p> <ul style="list-style-type: none"> • Kerra Constituency Roads Committee (Crc) Deputy Chairperson • Independent And Electoral Boundaries Commission (Iebc) Polling Clerk • Fashion And Design

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	<ul style="list-style-type: none"> • Currently a representative at Vihiga NG-CDF Committee
 <p>Mr. Johnstone Kinyangi Omedo Male Adult Representative</p>	<p>Date Of Birth 03/1/1973</p> <p>Academic And Professional Qualifications</p> <ul style="list-style-type: none"> • Kcse At Ebwali Secondary School • Certificate In Driving At Rocky Driving School • Business Management At Kenya Institute Of Management • Human Resource At Kenya School Of Government (Ksg) Nairobi <p>Work Experience</p> <ul style="list-style-type: none"> • Human Resource Assistant, Senior Clerical, Senior Auxiliary Staff At Kenya Agricultural And Livestock Organization (Kesref) • He is currently serving as a Member to the Vihiga NG-CDF Committee
 <p>Mr. Patrick Pinya Male Youth Representative</p>	<p>Date Of Birth 11/11/1990</p> <p>Academic And Professional Qualifications</p> <ul style="list-style-type: none"> • Kcse At Kerongo Secondary School • Certificate In Early Childhood-Credit • Certificate At Vihiga Teachers Training College <p>Work Experience</p> <ul style="list-style-type: none"> • Community Health Volunteer • Iebc Clerk • Vihiga Ng-Cdf Committee Male Youth Representative

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 <p>Mrs. Leonida Andeso Female Adult Representative</p>	<p>Date Of Birth 01/01/1960</p> <p>Academic And Professional Qualifications Community Health Volunteer (Chv) Through The Amref Healthy Africa</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Worked As A Community Health Strategist At Itandaro Church • Consultant In Economic Empowerment Training For Disadvantaged Groups • Independent And Electoral Boundaries Commission (Iebc) Polling Clerk. • Currently she is serving as a Member of Vihiga NG-CDF Committee
 <p>DCC Mrs. Florence Sitawa</p>	<p>Date Of Birth 29/07/1970</p> <p>Academic And Professional Qualifications Bachelor Of Arts In Arts</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Currently Deputy County Commissioner Vihiga Constituency • She is a Member of Vihiga NG-CDF Committee
 <p>Fund Account Manager Mr. Joe Godwin Oduor</p>	<p>Date Of Birth 29/07/1970</p> <p>Academic And Professional Qualifications Bachelor Of Arts In Arts</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Currently Fund Account Manager Vihiga Ng-Cdf

4. NG-CDFC Chairman's Report



Mr. James Mundia
Chairperson, Vihiga NG-CDFC

Executive Summary

The Chairman of the Vihiga National Government Constituencies Development Fund (NG-CDF), James Mundia, has provided steadfast leadership during the 2024/25 fiscal year, guiding the constituency through remarkable development milestones and persistent operational challenges. Under his stewardship, Vihiga NG-CDF has made significant progress in project implementation, with a strategic focus on infrastructure, education, digital innovation, and social development.

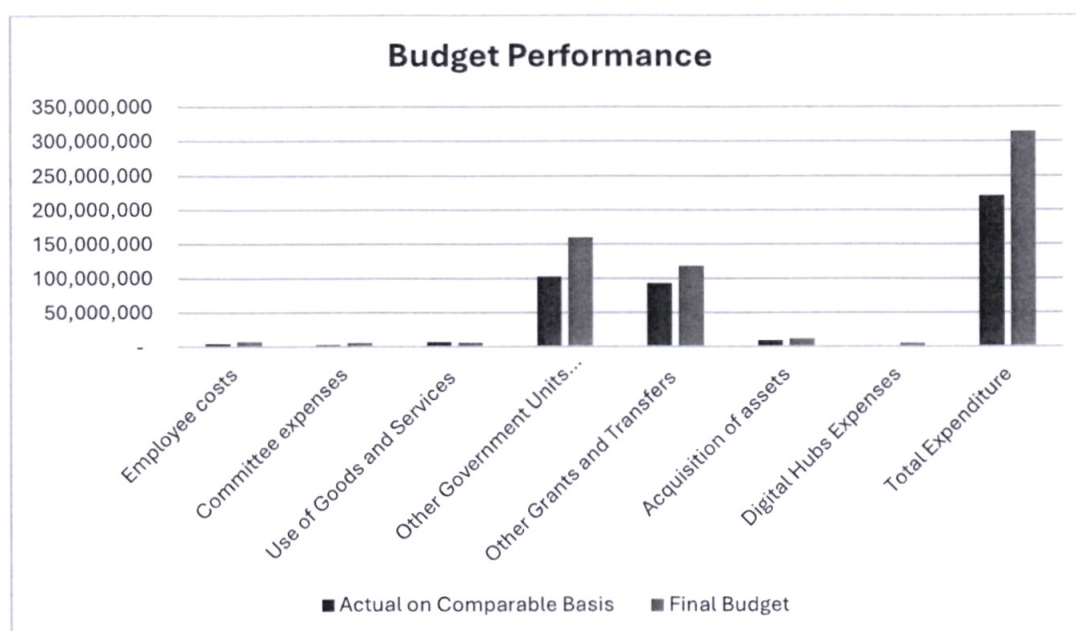
While the total revenue for the year was **Kshs 313.9 million**, actual expenditure stood at **Kshs 220.6 million**, reflecting an absorption rate of **70.3%**. The year saw commendable investment in Certified Works and Grants & Transfers, laying a strong foundation for sustainable community development.

Budget Performance Summary

Description	Budgeted (Kshs)	Actual (Kshs)	Variance (Kshs)
Total Revenue	313,944,336	287,577,209	26,367,127
Total Expenditure	313,944,336	220,594,880	93,349,455
Absorption Rate		70.3%	

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Sector	Expenditure (Kshs)	Final Budget (Kshs)
Employee costs	5,036,870	7,475,901
Committee expenses	3,043,276	5,592,548
Use of Goods and Services	7,068,168	6,131,754
Other Government Units Certified Works	103,023,936	159,634,983
Other Grants and Transfers	92,689,460	117,967,053
Acquisition of assets	9,733,170	12,000,000
Digital Hubs Expenses	-	5,114,096



Key Achievements during the FY 2024/2025

The Vihiga NG-CDF Committee successfully implemented a range of impactful development projects across the constituency. These interventions have not only addressed critical service delivery gaps but have also contributed significantly to social welfare, youth empowerment, and education. Notable achievements include:

I. Education Infrastructure Development

The Fund prioritized the construction of additional classrooms across various schools, particularly focusing on the Junior Secondary Schools. This intervention played a pivotal role in decongesting learning spaces, enhancing the quality of education, and supporting the government's 100% transition policy.

II. Support to Needy Students through Bursaries

More than **16,800 deserving students** from vulnerable households benefited from bursary allocations. This financial support enabled them to remain in school and pursue their education with minimal disruption, thereby promoting equitable access to learning opportunities across the constituency.

Flagship Projects Implemented in FY 2024/2025 – Vihiga NG-CDF

During the financial year 2024/2025, the Vihiga NG-CDF Committee successfully initiated and executed several high-impact development projects aimed at improving learning environments, enhancing public service delivery, and strengthening institutional infrastructure. The following are some of the most outstanding projects:

1. Mahanga Primary School – Construction of a Junior Secondary School Science Laboratory

The Fund facilitated the construction and completion of a fully equipped science laboratory with a capacity to accommodate 45 Junior Secondary School students. This initiative is aligned with the Competency-Based Curriculum (CBC) framework, aimed at enhancing the quality of science education and fostering practical skills development.

2. Kisingilu Primary School – Renovation of Two Classrooms

The Fund financed the renovation of two new classrooms to accommodate the increasing enrollment at Vumale Primary School. This intervention supports efforts to reduce class overcrowding and provide a conducive learning environment for pupils.

3. Kenya Medical Training College (KMTC) – Vihiga Campus (Phase II)

The NG-CDF Committee continued its support toward the construction of the Administration Block (Phase II) at KMTC Vihiga. This ongoing project is critical in strengthening the institution's capacity to manage student affairs and coordinate academic operations efficiently.

4. Vunandi Administrative Police Camp – Construction of Two One-Bedroom Housing Units

In support of security and public service delivery, the Fund facilitated the construction of two one-bedroom residential units for administrative police officers stationed at Vunandi. The housing units will improve staff accommodation and welfare, leading to better service delivery in the area.



Figure 1: Mahanga Primary School – Construction of a Junior Secondary School Science Laboratory



Figure 2: Kisingilu Primary School – Renovation of Two Classrooms

Emerging Issues

- i. **Strained Education Infrastructure:** Increased enrolment stretching existing facilities.
- ii. **Environmental Pressures:** Need for stronger long-term strategies.
- iii. **Limited Youth Engagement:** Restricted variety of youth programs, particularly in sports.
- iv. **Disaster Preparedness:** Rising severe weather events require urgent attention.

Implementation Challenges and Recommended Way Forward

(a) Education Infrastructure

One of the pressing challenges in the constituency is the issue of overcrowded classrooms and inadequate dormitory facilities, especially in Junior Secondary Schools. To address this, the Vihiga NG-CDF is prioritizing the expansion and renovation of existing infrastructure. The Fund is also actively engaging with key stakeholders to mobilize additional resources for educational development.

(b) Weak Environmental Frameworks

The lack of robust environmental protection measures has negatively affected the constituency's resilience and long-term sustainability. In response, community education initiatives have been launched to raise awareness about conservation. Additionally, integrated environmental management plans are being developed to ensure sustainable practices are incorporated into all development activities.

(c) Youth Program Gaps

There is limited variety in youth engagement programs across the constituency, resulting in underutilization of young people's potential. The NG-CDF is working to broaden the scope of youth initiatives by investing in modern sports facilities, digital innovation hubs, and vocational training centers that cater to diverse interests and skills.

(d) Disaster Risk

Frequent floods, storms, and other emergencies have continued to disrupt community life. Currently, the constituency lacks a coordinated approach to disaster preparedness and response. To mitigate this, a comprehensive constituency-level disaster management plan is being developed. This includes establishing local disaster response teams and creating awareness programs to strengthen community preparedness.



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Name: James Mundia
Chairman NGCDF Committee

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

Introduction

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

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

- a) To improve access, affordability and availability of quality education
- b) To harness talent and empower youth Creating awareness among the youth on the establishment of youth groups, and accessing devolved funds funding of youth sporting initiatives
- c) To improve preparatory and response mechanisms in the constituency
- d) To promote environmental sustainability in the constituency
- e) To improve security preparedness and service delivery in the constituency

Progress on the attainment of Strategic development objectives

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

<p>Security</p>	<p>To enhance the safety and security of the community</p>	<p>Improved security and reduced crime rates in the constituency</p>	<p>Number of police posts constructed, number of streetlights installed, crime statistics</p>	<p>In FY 2024/25: - We constructed one bedroom house at Vunandi Adm Police Camp, Kegoye Admin Police Camp and Lusavasavi Ap</p>
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				Camp chief Office for police officers, and additional funds was put for construction to completion of Mungoma Divisional HQ. This has greatly reduced crime rate by 89%
Environment	To promote environmental conservation and sustainability	Enhanced environmental conservation efforts and increased green cover	Number of trees planted, area of land reforested, waste management initiatives implemented	In FY 2024/25: - A total of 45,000 assorted tree seedlings were successfully purchased, delivered, and planted across various sites within Vihiga Constituency, contributing to environmental conservation and afforestation efforts.
Emergency	To provide timely response to emergencies and disasters	Reduced response time and improved disaster management	Number of emergency response units established, disaster response time, number of people assisted during emergencies	In FY 2024/25: - Constructed a total of 66 doors toilet. - Which served over 5,000 students.
Others (Specify)	To strengthen the institutional capacity of the NGCDF office and support various community projects	Improved operational efficiency and successful implementation of community projects	Number of community projects supported, institutional capacity building initiatives	In FY 2024/25: Conducted capacity building for [5] staff members, improving operational efficiency by [80] %.

6. Governance Statement

1. Overview

The Vihiga National Government Constituency Development Fund Committee has made a firm commitment to upholding a high standard of corporate governance, as evidenced by the performance contract signed for the 2023/2024 financial year. The committee has established mechanisms to ensure compliance with all applicable laws and regulations in the management of the fund and its interactions with the public.

Our unwavering dedication to the utmost levels of corporate governance and ethical business practices remains steadfast. Strong corporate governance practices are indispensable for delivering sustainable value to our stakeholders and shareholders over the long term.

We continually evaluate our governance operational framework to ensure the presence of robust internal governing bodies and effective systems and processes that support the Board and management in driving change, setting strategic direction, and formulating high-level objectives and policies. The governance of the organization falls under the purview of the Vihiga National Government Constituency Development Fund Committee. Committee members are deeply committed to fulfilling their fiduciary responsibilities and have implemented a range of principles essential for ensuring that good governance is adhered to in all interactions with the organization's constituents, customers, and other pertinent stakeholders.

2. Organizational Structure:

- i) **The National Treasury and Planning** is responsible for allocating budgetary provisions and providing policy guidance on development matters to the fund. It also funds the NGCDF budgets and offers financial directives for the effective and efficient management of the Fund.
- ii) **The NG-CDF Board** operates as a corporate board under the jurisdiction of the National Treasury and Planning. Its primary role is to ensure the efficient management of funds within constituencies. The board has a secretariat located in Nairobi, led by the Chief Executive Officer.
- iii) **The NG-CDF Committee (NG-CDFC)** is tasked with formulating project proposals in consultation with the local community through periodic ward-level forums. These proposals are then submitted to the NG-CDF Board for approval, and the committee facilitates Project Management Committees (PMCs) in the planning, implementation, and sustainability of projects at the constituency level.
- iv) **The Project Management Committee (PMC)** is responsible for executing projects on behalf of the local community. They collaborate with relevant government departments and prepare reports for submission to the NG-CDF Committee.
- v) **The NGCDFC staff** comprises key personnel responsible for managing the affairs of the constituency. Key positions within the current staffing include the Clerk of Works, Accountant, Account Assistant, Records Officer, Clerical Officer, Driver and Groundsman.

a. NG-CDFC process of appointment

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

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

The current NGCDFC members has not yet been gazzeted.

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b. Composition of NGCDFC

The persons appointed are drawn from different groupings as follows:

N o.	NAME	CATEGORY	WARD	Position
1	James Mundia	Male (Adult)	Lugaga/Wamuluma	Chairperson
2	Pinya Olwenya	Male (Youth)	South Maragoli	Member
3	Nancy Mihadi	Female (Adult)	Mungoma	Member
4	Clarice Anaye	Female (Youth)	Mungoma	Member
5	John Okono	Pwd Representative	Lugaga/Wamuluma	Member
6	Launida Andeso	Female (Adult)	South Maragoli	Member
7	Johnstone Omedo	(Constituency Nominee) Female	Mungoma	Member
8	Dickson Atsiaya	NGCDF Board Co-opted Member	Central maragoli	Member
9	Florence Sitawa	Deputy County Commissioner	South Maragoli	Member
10	Joe Godwin Oduor	Fund Account Manager	Central Maragoli	Member

c. NG-CDFC Tenure

Section 43(8) of the NGCDF Act 2015 provides that the term of office of the members of the Constituency Committee shall be two years and shall be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act, or as may be approved by the Board.

The tenure of the Vihiga National Government Constituencies Development Fund Committee (NGCDFC) will span two years, commencing on the date of its gazettment. Although the Committee is yet to be officially gazetted, this upcoming term will provide a vital opportunity to drive transformative development, ensure prudent use of public resources, and enhance service delivery across the constituency. Guided by clear timelines and responsibilities, the Committee is expected to uphold transparency, accountability, and community-focused leadership throughout its mandate.

d. The Role of the Constituency Committee

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

The roles and functions of NG-CDFC are as follows; -

- Build the capacity of project management committees and Committee.
- Sensitize the Community on the operations of the Fund;
- Consider all project proposals from all wards in the constituency and any other projects which a constituency committee considers beneficial to the Constituency;
- Ensure that all proposed projects that are approved for funding meet the requirements of section 24 of the Act;1956 - Kenya Subsidiary Legislation, 2016
- Ensure that project proposals submitted to the Board include detailed budget proposals, procurement plans and work plans; in approving a project and before submitting the project to the Board for consideration, satisfy itself and make a declaration to the effect that such project (works and services) fall within the functions of the National Government under the Constitution;
- Rank projects proposals in order of priority while ensuring that on-going projects take precedence;
- Ensure that all projects receive adequate funding and are completed within three years;
- where a project involves purchase of a parcel of land or a building, ensure that the ownership thereof is duly verified and ownership documents authenticated with relevant government agencies;

e. Removal of NG-CDFC Members

A member holding a position within the NG-CDFC can be relieved of their duties for any of the subsequent reasons, either individually or in combination: Absence of integrity, Severe misconduct, misappropriation of public funds, tarnishing the committee's reputation through inappropriate personal behaviour in public, advocating unethical behaviours, creating discord within the committee, Suffering

from a physical or mental ailment, Misusing funds, or any other valid and justifiable cause.

f. 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.

g. Induction and Training of NG-CDFC Members:

In the year 2024/2025, the entity conducted capacity building for the NGCDF Committees in June 2025 at Starbucks Hotel, Eldoret. The training focused on enhancing committee's knowledge in key areas critical to effective fund management, governance, and operational efficiency. Key topics included an overview of the NGCDF Act and its regulations, construction management, project cycle management, financial management under the PFM Act, and performance contracting.

The training emphasized the importance of gender mainstreaming, environmental and disaster management, audits and risk management, quality management systems, and compliance with procurement laws. Additionally, the program addressed human resource management, taxation and statutory requirements, governance, integrity, corruption prevention, communication linkages with stakeholders, and safeguarding NGCDF funds. The comprehensive training aimed to equip committee members with the skills necessary to manage NGCDF projects effectively while ensuring transparency, accountability, and adherence to statutory guidelines.

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h. Number of meetings:

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

In Vihiga Constituency, the NG-CDF Committee conducted 12 meetings and 6 sub-committee meetings

**National Government Constituencies Development Fund (NGCDF)
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NAME OF COMMITTEE MEMBER	MEETINGS HELD													
	09/07/24	05/08/24	10/09/24	06/10/24	21/10/24	05/11/24	29/11/24	09/12/24	23/01/25	28/02/25	25/03/25	10/04/25	16/05/25	04/06/25
1. James Mundia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Dick Atsiaya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Patrick Pinya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. Clarice Anaye	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. John Okono	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6. Laurida Andeso	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7. Johnstone Omido	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8. Nancy Mihadi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9. Florence Sitawa	✓	X	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	X
10. Joe Godwin Oduor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

i. Remuneration Rates

Members of the NG-CDF Committee receive compensation in accordance with the directives established by both the NGCDF Board and the Salaries and Remuneration Commission (SRC). Presently, committee members are eligible to receive a sitting allowance of Kshs 5,000 per session, while the chairperson is entitled to Kshs 7,000 per session.

Remuneration for Constituency staff is derived from the allocation designated for office administration, and this is done in alignment with the stipulations outlined by the SRC, NGCDF Board, and the Employment Act of 2007. It is important to note that all payments are subject to the prevailing tax laws and other mandatory deductions as per statutory regulations.

j. Policy on conflict of interest

Vihiga NGCDF requires all individuals associated with our organization to promptly and openly disclose any conflicts of interest that may arise in the course of their duties. Such disclosures are crucial to maintaining the integrity and impartiality of our decision-making processes, ensuring transparency, and upholding the highest standards of ethics and accountability. All disclosures shall be to the Fund Account Manager and the Chairman of the Committee

In line with our dedication to transparency, integrity, and the highest ethical standards, it is essential that all committee members and staff within our organization disclose any potential conflicts of interest that may arise during the course of their responsibilities. This act of disclosure is crucial to guarantee that our decision-making processes remain impartial, equitable, and in the best interests of our constituents and stakeholders. By promptly identifying and addressing conflicts of interest, we demonstrate our commitment to preserving the trust vested in us by the community we serve and upholding our organization's credibility.

Moreover, ethical conduct stands as a fundamental pillar of our organization's mission, and we anticipate all committee members and staff to strictly adhere to a code of ethics in the execution of their professional duties. This commitment encompasses the preservation of confidentiality, avoidance of any actions that could jeopardize our organization's integrity, and the enactment of behaviors that align with our core values. Our unwavering dedication to ethical behavior not only reinforces our standing but also ensures that our actions consistently conform to the principles of equity, accountability, and responsibility that serve as the foundation of our work.

k. Audit process

The Auditor General's office submits yearly reports to the Parliamentary Accounts Committee regarding special funds. Additionally, within each constituency, sub-county internal auditors monitor the utilization of the Fund and routinely furnish reports to the National Treasury, with a duplicate sent to the NG-CDF Board. In accordance with section 16(b) of the NG-CDF Act 2015, the board has set up its internal audit department, responsible for examining constituency accounts and offering assurances concerning the efficient utilization of the Fund.

l. Ethics and Conduct

During the training, members were also taken through chapter six of the constitution on ethical issues and how they are supposed to conduct themselves during the process of management of fund.

m. Risk Management:

As part of the training organized by the NG-CDF Board, committee members were educated on the intricacies of risk management, equipping them with the skills necessary to address risks at the constituency level. Recognizing that risk management is an essential component of sound governance and exemplary management practices within the constituency.

Moreover, the committee was informed that the Risk Policy underscores NG-CDF's commitment to cultivating a risk-aware culture that promotes deliberate and proactive risk management, aligned with NG-CDF's strategic objectives. Specific examples of identified risks and their corresponding management responses were also provided.

n. Remuneration of NGCDF Committee

Members of the NG-CDF Committee receive compensation in accordance with the directives established by both the NGCDF Board and the Salaries and Remuneration Commission (SRC). Presently, committee members are eligible to receive a sitting allowance of Ksh 5,000 per session, while the chairperson is entitled to Ksh 7,000 per session.

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o. Conflict of Interest and Ethical Practice

Vihiga NGCDF requires all individuals associated with our organization to promptly and openly disclose any conflicts of interest that may arise in the course of their duties. Such disclosures are crucial to maintaining the integrity and impartiality of our decision-making processes, ensuring transparency, and upholding the highest standards of ethics and accountability. All disclosures shall be to the Fund Account Manager and the Chairman of the Committee

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3. Accountability.

Vihiga NG-CDF is subject to external oversight through a number of mechanisms and has developed its own internal processes to ensure that it maintains high levels of accountability

7. Management Discussion and Analysis

Operational and Financial Performance Review (2020/2021 - 2024/2025)

Over the past five financial years, the Vihiga National Government Constituencies Development Fund (NG-CDF) has consistently aligned its development priorities with national goals and Vision 2030. Despite budgetary constraints and rising costs, the Fund has demonstrated steady financial discipline and growth in project delivery.

Between FY 2020/2021 and FY 2024/2025, Vihiga NG-CDF disbursed a cumulative total of KES 749 million. This funding was channeled toward critical sectors such as education, security, health, and digital empowerment.

Financial Performance Summary (FY 2021/2022 – FY 2024/2025)

Below is the Fund's annual budget allocation and absorption for the last four financial years:

Financial Year	Budget Allocation (KES)	Actual Expenditure (KES)	Absorption Rate
2020–2021	137,088,879.31	137,088,879.31	100%
2021–2022	137,088,879.00	137,088,879.00	100%
2022–2023	138,215,033.00	138,215,033.00	100%
2023–2024	166,593,720.00	162,593,720.00	98%
2024–2025	170,469,856.74	170,469,856.74	100%
Total	749,456,368.05	745,456,368.05	99.3%

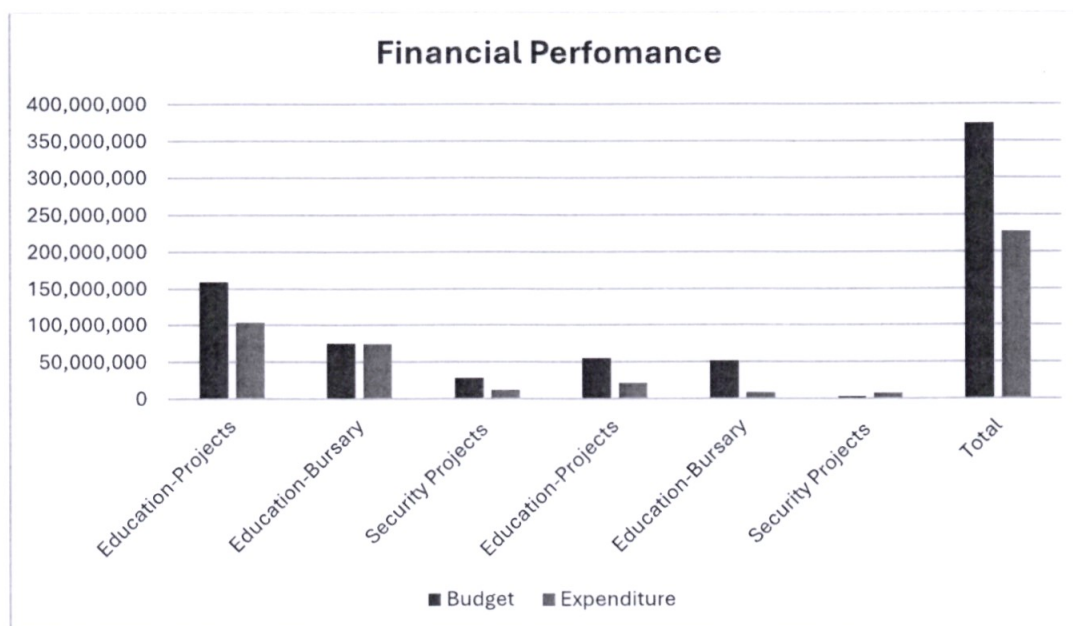
The Fund has demonstrated high budget absorption rates year-on-year, averaging **over 99%** for the past five years. This performance underscores the Fund's effective planning and execution capacity.

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

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Financial Year	Sector	Budget	Expenditure
2024-2025	Education-Projects	159,634,983	103,023,936
	Education-Bursary	75,132,632	74,267,563
	Security Projects	28,496,881	11,995,569
2023-2024	Education-Projects	55,345,166	21,973,187
	Education-Bursary	52,134,600	8,506,828
	Security Projects	3,184,487	7,700,001
	Total	373,928,749	227,467,084

Sector	Sector Budget	Percentage
Education	207,771,514	91.3%
Security	19,695,570	8.7%
	227,467,084	



Based on the above information for the last two financial years; the key consumer of the resources is Education sector with an average of 91.3% of the entire allocation and secondly the security sector with average of 8.7%. This is an indicator that the Fund has

put more efforts in improving the academic standards of Vihiga constituency through both the infrastructure and bursaries to needy students studying in various institutions.

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

Sector Performance

Over the reporting period, the Vihiga NG-CDF focused its interventions in key sectors as outlined below:

Education Sector

- Over 72 classrooms constructed or rehabilitated across primary and secondary schools.
- More than 16,000 students benefited from bursaries over five years.
- New science laboratories constructed in line with CBC requirements.
- Key infrastructure support for institutions such as Kitumba Secondary School and KMTC Vihiga.

Security Sector

- Upgrades to Mbale Police Station and Vunandi AP Camp improved safety and police welfare.
- Additional support to administrative offices such as Mungoma Divisional HQ.

Health and Governance

- Construction of KMTC Vihiga Administration Block (Phase 2) to improve healthcare training services.
- Investments in administrative offices to enhance service delivery and governance.

ICT and Digital Empowerment

- Digital Innovation: Initial implementation of a Constituency Digital Hub, expected to promote access to internet and online jobs.

Key Projects Implemented and Ongoing

1. Kitumba Secondary School (PMC Project)

- Additional funds were allocated to support the completion of a storey building to enhance classroom space, teacher offices, and laboratory rooms.

2. Kenya Medical Training College (KMTTC) Vihiga

- Phase 2 of the construction of the Administration Block is underway. Upon completion, this facility will centralize operations and improve service delivery to health trainees and the community.

3. Mungoma Divisional Headquarters

- Additional funds were provided for the completion of the administration office block, a key facility supporting public service delivery and governance within the sub-county.



Figure 1: KMTC Vihiga - Ongoing Construction of Administration Block Phase II
Statutory Compliance and Financial Obligations

The Fund has complied with all statutory obligations, including submission of financial statements, quarterly reports, procurement plans, and environmental impact assessments where applicable. There are no material arrears or pending statutory obligations as of the end of FY 2024/2025.

Major Risks Facing the Fund

- **Delayed Disbursements:** Timely release of funds from the National Treasury remains a challenge, impacting project timelines.
- **Inflation and Cost Escalation:** Rising costs of construction materials affect project scope and delivery.
- **Land Ownership Issues:** In some projects, unclear land documentation has led to delays.

Mitigation Measures:

- Engaging Treasury through the NG-CDF Board for timely disbursements.
- Early procurement and cost forecasting.
- Collaboration with local land offices for due diligence.

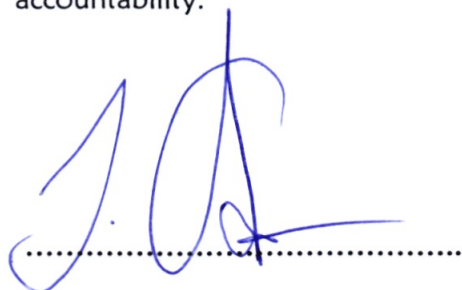
Review of the Economy and Sector Performance

The national economy experienced moderate recovery post-COVID-19, but fiscal tightening has led to cautious spending. In the education sector, the introduction of the Competency-Based Curriculum (CBC) has increased demand for infrastructure in Junior Secondary Schools. The Fund responded by allocating resources to classroom construction and science laboratories.

Future Developments

Looking ahead, the Fund will focus on:

- **Full operationalization of Digital Hubs** to foster youth employment.
- **Greening and environmental initiatives** such as tree planting in schools.
- **Completion of all Phase II infrastructure projects** in education and security.
- **Increased stakeholder participation** to enhance community ownership and accountability.



Name: Joe Godwin Oduor
Fund Account Manager

8. Environmental and Sustainability Reporting

Environmental concerns, with an emphasis on climate change mitigation, are central to the government's agenda. The recent amendment to the NG-CDF Act 2022, which raised the allocation for climate change activities from 2% to 5%, reinforces the commitment to addressing these issues through the NG-CDF Fund. In the 2024-2025 financial year, Vihiga NG-CDF allocated Kshs. 1,704,699 for tree planting projects in three institutions within the constituency. These efforts aim to enhance sustainability and contribute to environmental conservation, aligning with the government's broader strategy to combat climate change.

1. Sustainability strategy and profile -

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

- a. **Education and Training:** VIHIGA 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

- *Outline clearly, the environmental policy guiding the constituency, and provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy, and efforts to reduce the environmental impact of the constituency's activities.*
- *Report on the frequency of how often NG-CDF supported students carry out environmental conservation activities, e.g., planting trees once in an academic calendar.*
- *Sensitization of youth/ community on the impact of drug abuse.*
- *Report on security activities, e.g., construction of police stations supported by NG-CDF*

3. Employee welfare

We invest in providing the best working environment for our employees. VIHIGA 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. VIHIGA 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.

Marketplace practices-

VIHIGA Constituency is committed to fair and ethical market practices.

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

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

NGCDF has put in efforts to ensure:

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

4. Community Engagements-

VIHIGA 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

VIHIGA 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 NG CDF Board in accordance with the Act.

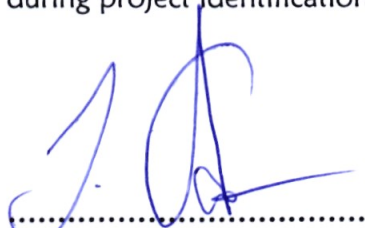
Public participation is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

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

Public Awareness

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

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



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**Name: Joe Godwin Oduor
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-VIHIGA 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-VIHIGA 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- VIHIGA 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.

*National Government Constituencies Development Fund (NGCDF)
Vihiga Constituency
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The Accounting Officer in charge of the NGCDF VIHIGA Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the *constituency's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya. In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The NGCDF- VIHIGA Constituency financial statements were approved and signed by the Accounting Officer on 3rd DECEMBER 2025.



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Name: James Mundia
Chairman – NGCDF Committee



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Name: Joe Godwin Oduor
Fund Account Manager

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - VIHIGA 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 – Vihiga Constituency set out on pages 1 to 67, which comprise of the statement of financial position as at 30 June, 2025, and the statement of 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 – Vihiga Constituency at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the National Government Constituency Development Fund Act, 2015 (Amended 2022) and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Employee Costs

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.6,039,410 relating to employee costs. Included in this amount is Kshs.4,004,687 being gross salaries. However, scrutiny of the payroll provided for audit revealed an amount of Kshs.3,989,700 resulting to a variance of Kshs.14,987.

In the circumstances, the accuracy and completeness of Kshs.6,039,410 relating to employee costs could not be confirmed.

2. Other Grants and Transfers

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects Kshs.93,097,028 with respect to other grants and transfers. However, the following discrepancies were noted:

- i. Included in this amount is Kshs.31,042,680 being bursaries disbursed to secondary schools. The ledgers provided for audit review revealed that amounts totaling to Kshs.1,250,680 did not relate to secondary schools as detailed below:

Date	Details	PV. No	Amount (Kshs.)
23.05.2025	NGCDFC Sitting allowance	52	104,000
04.06.2025	NDCDFC site visit M&E	53	100,000
04.06.2025	Transport services M&E	63	100,000
02.06.2025	Purchase of General Office Supplies	26	200,000
01.06.2025	Printing and Photocopying Services	137	453,720
01.06.2025	Printing and Photocopying Services	137	7,960
Various	University of Nairobi	Various	70,000
Various	Other Universities	Various	215,000
TOTAL			1,250,680

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

- ii. In addition, included in this amount is Kshs.35,732,883 being bursaries to tertiary institutions. However, review of the ledgers provided revealed that the balance includes an amount of Kshs.13,629,999 relating to bursaries to Secondary schools. However, there was no clear explanation as to why the expenditure was classified under bursaries to tertiary institutions.

In the circumstances, the accuracy and completeness of Kshs.93,097,028 with respect to other grants and other transfers could not be confirmed.

3. Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 19 to the financial statements reflects cash and cash equivalents of Kshs.53,691,237. However, the following anomalies were noted:

- i. Review of the bank reconciliation statement for the month of June, 2025 for Cooperative Bank account number 01141471496600 revealed unrepresented cheques amounting to Kshs.27,684,745 out of which cheques amounting to Kshs.188,817 were stale as at 30 June, 2025. No explanation was provided why the stale cheques were not reversed back to the cash book.
- ii. The bank statement, certificate of bank balances and the bank reconciliation statement for the month of June, 2025 for Cooperative Bank account 01104714966001 were not provided for audit.
- iii. Review of the cashbook revealed several cancelled cheques which had not been reversed in the cashbook.

In the circumstances, accuracy and completeness of the cash and cash equivalents balance of Kshs.53,691,237 could not be confirmed.

4. Plant, Plant and Equipment

The statement of financial position and as disclosed in Note 23 to the financial statements reflects plant, plant and equipment of Kshs.7,299,878. However, an updated fixed assets register was not provided to confirm the amounts stated.

Further, ownership documents for the land and buildings of the Vihiga NGCDF offices were not provided for audit.

In the circumstances, the accuracy and completeness of plant, plant and equipment of Kshs.7,299,878 could not be confirmed.

5. Accuracy and Presentation of Financial Statements

Review of the financial statements revealed that the footer on the cover page is indicated 'Transitional IPSAS Financial Statements /Prepared in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS)', instead of mentioning whether the financial statements are transitional IPSAS financial statements or the financial statements are 'Prepared in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS).' Furthermore, Note 2 to the financial

statements is not clear on whether the financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS) or the entity has taken advantage of the transitional provisions under IPSAS 33.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund – Vihiga 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

Budget control and performance

During the year under review, Vihiga NG-CDF had an approved budget of Kshs.311,366,366 but received actual amounts of Kshs.284,999,239. During the same period, Vihiga NG-CDF recorded expenditure of Kshs.231,308,003 resulting to an under-absorption of Kshs.53,691,236.

The under-absorption may have affected service delivery to the people of Vihiga.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, Management had not resolved the issues as at 30 June, 2025 as detailed below:

S/No.	Financial Year	Issue
1.	2023/2024	Unsupported projects management committee bank balances
2.	2023/2024	Unsupported motor vehicle-hire under domestic travel and subsistence

S/No.	Financial Year	Issue
3.	2023/2024	Allowances not disclosed-sport tournament expenditure under training
4.	2023/2024	Budgetary control and performance
5.	2023/2024	Audit inspection of projects
6.	2023/2024	Internal audit review
7.	2023/2024	Lack of an oversight committee

Other Information

The Management is responsible for the Other Information set out on page iii to xlv 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, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non- Compliance with Law on Ethnic Composition

Review of the payroll bio data provided for audit revealed that out of seventeen (17) staff members of Vihiga NGCDF, nine (9) representing 53% come from the dominant ethnic community contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "no public establishment shall have more than one third of its staff from the same ethnic community."

Consequently, Management was in breach of the law.

2. Failure to Observe Reservations in Employment

The staff bio data provided for audit review revealed that there is a total of seventeen (17) employees out of which none are persons with disabilities; contrary to Section 13 of the Persons with Disability Act, 2022 which requires the board to secure a reservation of 5% for all appointments to persons with disabilities.

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

3. Lack of Contract Monitoring Reports

Vihiga NGCDF entered into several contract during the year under review. However, contract monitoring reports were not provided for audit review contrary to Section 152 of Public Procurement and Asset Disposal Act, 2015 which requires that the head of the procurement function shall prepare monthly progress reports of all procurement contracts of the procuring entity and submit them to the accounting officer.

Consequently, Management was in breach of the law.

4. Non-Compliance with Public Procurement Capacity Building Levy

The Management of Vihiga NG-CDF did not remit 0.03% Capacity Building Levy to the Public Procurement Regulatory Authority for all contracts during the year contrary to Section 3(1) of the Public Procurement Capacity Building Levy Order, 2023 which requires that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and the procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

5. Delayed Project Implementation

Vihiga NGCDF entered into several construction contracts during the year under review. However, the several anomalies were noted as detailed below:

Institution	Works	Amount (Kshs)	Discrepancies
Vihiga KMTC, Iduku Campus	Proposed completion of first floor, fencing, gate, sentry, borehole and paving slabs	23,974,532	<ul style="list-style-type: none">• Contract period had elapsed; no extension of the contract; project still incomplete.• Missing user requisition.• Not advertised in two widely used newspapers, PPIP portal or in their website.• The appointment letters for tender opening and tender evaluation were not provided.

Institution	Works	Amount (Kshs)	Discrepancies
			<ul style="list-style-type: none"> • Tender opening and evaluation reports were not provided • Professional opinion was not provided. • Management did not provide land ownership documents of the parcel of land on which the project is being constructed.
Inyanza Primary School	Construction to completion of laboratory	2,524,396	<ul style="list-style-type: none"> • The bill of quantities included electrical works. However, as at the time of audit the electrical works had not been done. • The project was not in use, hadn't been commissioned and handed over and no inspection and acceptance reports were provided for audit review. • There was no provision for water to be used in the laboratory.
Isaku Primary School	Construction to completion of laboratory	2,524,396	<ul style="list-style-type: none"> •The bill of quantities included electrical works. However, as at the time of audit the electrical works had not been done. • The project was not in use and had not been commissioned and handed over and no inspection and acceptance reports were provided for audit review. • It was also noted that there was no provision for water to be used in the laboratory.
Angoya Digital Hub	Construction of a basic Model Digital Hub comprising of learning centre, Administrative Office, Store, ICT Rooms, Wash rooms and Public Wifi Zone.	5,114,096	As at the time of audit in October, 2025 no project report was provided to confirm the completion of the project.

In the circumstances, value for money and service delivery to the public may not be achieved.

6. Delayed Funding of Projects

The statement of financial position and as disclosed in Note 21 to the financial statement reflects receivables from non-exchange transactions of Kshs.26,367,127 which were expected to be received in the financial year. However, as at the time of audit in October, 2025 only Kshs.21,469,857 had been received with an amount of Kshs.4,897,270 yet to be disbursed by the National Treasury; thereby affecting project implementation.

In the circumstances, value for money and service delivery to the public may not be achieved.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Internal Audit Review

Review of the Fund's operations indicated that no internal audit reviews were performed on the Fund's internal processes and no risk assessment was carried out to identify and address the areas of concern and document specific controls in response to identified risks.

In the circumstances, the effectiveness of internal controls, risk management and governance of the fund could not be confirmed.

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

Responsibilities of the Management and 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



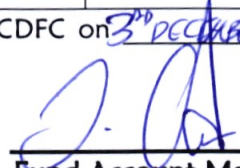
03 December, 2025

National Government Constituencies Development Fund (NGCDF)
Vihiga 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	170,469,857
Transfers from domestic and foreign partners	7	-
Revenue from exchange transactions		
Finance income	8	-
Miscellaneous income	9	11,000
Total revenue		170,480,857
Expenses		
Employee costs	10	6,039,410
Committee expenses	11	2,867,776
Use of Goods and Services	12	7,243,668
Other Government Units Actual expenditure	13	115,295,987
Other Grants and Transfers Actual expenditure	14	93,097,028
Depreciation and amortization expense	15	2,433,293
Digital Hubs Expenses Actual expenditure	16	-
Total expenses		226,977,161
Other gains/(losses)		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
Surplus/(Deficit) for the year		(56,496,305)

The Constituency financial statements were approved by the NGCDFC on 3rd DECEMBER 2025 and signed by:

		
Chairman	National	Sub-County
NG-CDF	Accountant	Fund Account Manager
Committee	Name: Henry Okumu	Name: Joe Godwin Oduor
Name: James Mundia	ICPAK M/No:	



National Government Constituencies Development Fund (NGCDF)
Vihiga 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 ended June 2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	19	53,691,237	28,356,423
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	26,367,127	112,529,086
Prepayments	22	-	-
Total Current Assets		80,058,363	140,885,509
Non-Current Assets			
Property, Plant and Equipment	23	7,299,878	-
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
Total Non- Current Assets		7,299,878	-
Total Assets (A)		87,358,241	140,885,509
Liabilities			
Current Liabilities			
Trade and Other Payables	26	-	-
Third Party Deposits	27	1,966,496	-
Lease Liabilities	28	-	-
Gratuity Provision	29	2,127,840	1,125,300
Total Current Liabilities		4,094,336	1,125,300
Non-Current Liabilities			
Lease Liabilities	28	-	-
Total Liabilities (B)		4,094,336	1,125,300
Net Assets (A-B)		83,263,905	139,760,209
Represented by:			
Revaluation Reserves		83,263,904	139,760,209
Accumulated Surplus			
Total Net Assets		83,263,904	139,760,209

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

The Constituency financial statements set out on pages 1 to 116 approved by NG CDFC on _____
2025 and signed by:



Chairman Committee	NG-CDF	National Accountant	Sub-County	Fund Account Manager
Name: James Mundia		Name: Henry Okumu ICPAK M/No:		Name: Joe Godwin Oduor



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

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

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
Fund Balance as at 30 th June 2024	5,898,199	-	5,898,199
Adjustments			
Recognition of Assets	133,862,010		133,862,010
Recognition of Liabilities	-		-
As at July 1, 2025	139,760,209		139,760,209
Surplus/(Deficit) For the Period	(56,496,305)		(56,496,305)
Revaluation Gain/Loss	-	-	-
As at June 30, 2025 (current year)	83,263,904	-	83,263,904

*National Government Constituencies Development Fund (NGCDF)
Vihiga 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		256,631,816
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		11,000
Total Receipts		256,642,816
Payments		
Employee costs		5,036,870
Committee expenses		3,043,276
Use of Goods and Services		7,068,168
Other Government Units Certified Works		113,474,426
Other Grants and Transfers		92,952,093
Digital Hubs Expenses		-
Total Payments		221,574,833
Net Cash Flows from/ (used in) Operating Activities	30	35,067,983
Cash flows From Investing Activities		
Purchase of PPE		9,733,170
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
Net Cash Flows from Investing Activities		9,733,170
Net increase/(decrease) in cash & Cash equivalents		25,334,813
Cash Flows from Financing Activities		
Lease Payment		-
Net Cash Flows from Financing Activities		25,334,813
Cash and cash equivalents at 1 July	19	28,356,423
Cash and cash equivalents at 30 June	19	53,691,236

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

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

	Original Budget		Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	B	C=(a+b)	d	e=(c-d)	f=d/c*100		
	<i>Period ended June 2025</i>	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	<i>Period ended June 2025</i>	<i>Period ended June 2025</i>			
Revenue								
Transfers From the NGCDF Board	170,469,857	28,356,423	112,529,086	311,355,366	284,988,239	26,367,127	91.60%	
Transfers from domestic and foreign partners	-	-	-	-	-	-		
Finance income	-	-	-	-	-	-		
Miscellaneous income	-	11,000	-	11,000	11,000	-	100.00%	
Totals	170,469,857	28,367,423	112,529,086	311,366,366	284,999,239	26,367,127	91.60%	
Expenses								
Employee costs	6,178,120	172,625	1,125,156	7,475,902	5,036,870	2,439,032	67.37%	
Committee expenses	4,286,920	-	1,305,628	5,592,548	3,043,276	2,549,272	54.42%	
Use of Goods and Services	4,877,247	119,655	1,134,852	6,131,754	7,068,168	(936,414)	115.27%	
Other Government Units Certified Works	57,944,240	18,654,701	81,602,553	158,201,495	113,474,426	44,727,069	64.54%	
Other Grants and Transfers	92,069,234	9,409,441	15,343,897	116,822,572	92,952,093	23,870,479	78.01%	
Acquisition of assets	-	-	12,000,000	12,000,000	9,733,170	2,266,830	81.11%	

National Government Constituencies Development Fund (NGCDF)
Vihiga Constituency
Annual Report and Financial Statements for The Year Ended June 30, 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>Period ended June 2025</i>	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	<i>Period ended June 2025</i>	<i>Period ended June 2025</i>			
Digital Hubs Expenses	5,114,096	-	-	5,114,096	-	5,114,096	0.00%	
Funds Pending Approval**				-		-	0.00%	
AiA	-	11,000	17,000	28,000	-	28,000	0.00%	
Total Expenditure	170,469,857	28,367,423	112,529,086	311,366,366	231,308,003	80,058,363		
Surplus for the period	-	-	-	-	53,691,236	(53,691,236)		

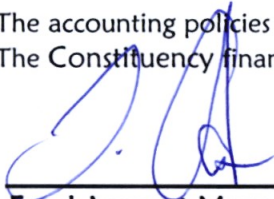
**National Government Constituencies Development Fund (NGCDF)
Vihiga Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025**

Explanatory Notes.

Employee costs (67.37%), Committee expenses (54.42%), Other Government Units Certified Works (64.54%), Other Grants and Transfers (78.01%), Acquisition of assets (81.11%), Digital Hubs Expenses (0%) because some funds had not been disbursed by NG-CDF Board.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	80,058,363
Less undisbursed funds receivable from the Board as at 30 th June 2025	26,367,127
Cash and Cash Equivalents at the end of the 30 th June 2025	53,691,236

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 ~~3rd December~~ 2025 and signed by:



Fund Account Manager

Name: Joe Godwin Oduor



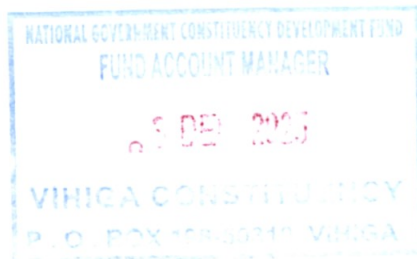
National Sub-County Accountant

Name: Henry Okumu
ICPAK M/No:



Chairman NG-CDF Committee

Name: James Mundia



National Government Constituencies Development Fund (NGCDF)

Vihiga Constituency

Annual Report and Financial Statements for The Year Ended June 30, 2025

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	6,178,120	172,625	1,125,156	7,475,901	5,036,870	2,439,031
1.2 Committee allowances	1,752,151	-	-	1,752,151	1,381,585	370,566
1.3 Use of goods and services	2,797,920	55,000	1,100,000	3,952,920	3,721,376	231,545
Sub-total	10,728,191	227,625	2,225,156	13,180,973	10,139,831	3,041,142
2.0 Monitoring and evaluation						
2.1 Capacity building	1,015,000	-	273,345	1,288,345	1,030,480	257,865
2.2 Committee allowances	1,519,769	-	1,032,283	2,552,052	2,386,600	165,452
2.3 Use of goods and services	2,079,327	-	34,852	2,114,179	1,591,403	522,776
Sub-total	4,614,096	-	1,340,480	5,954,576	5,008,483	946,093
3.0 Emergency						
Unutilized	3,572,098	764,488	-	4,336,586		4,336,586
Homasana Primry School	-	28,815		28,815	26,600	2,215
Womulalafriends Primary School	-	25,727		25,727	373	25,355
Isaku Primary School	1,200,000	-		1,200,000	1,199,919	81
Inavi Primary School	600,000	7,950		607,950	599,919	8,031
Masana Aic	600,000	20,395		620,395	607,607	12,788
Kidundu Primary School	600,000	-		600,000	598,042	1,958

National Government Constituencies Development Fund (NGCDF)
Vihiga 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
Chandolo Special School	600,000			600,000	599,991	9
Mahanga Primary School	600,000	-		600,000	600,000	-
Enanga Primary School	600,000			600,000	756	599,244
Navuhi Primary School	600,000	2,950		602,950	599,985	2,965
Sub-total	8,972,098	850,326	-	9,822,423	4,833,192	4,989,232
4.0 Bursary and Social Security						
4.1 Primary Schools	-			-		-
4.2 Secondary Schools	40,000,000	2,520,070	(11,395,393)	31,124,677	31,042,680	81,997
4.3 Tertiary Institutions	25,000,000	-	11,159,958	36,159,958	35,732,883	427,075
4.4 special needs	3,187,943	3,446,661	1,213,394	7,847,997	7,492,000	355,997
4.5 Education Support Programmes	-	-	-	-	-	-
4.6 Social Security	-	-	-	-	-	-
Sub-total	68,187,943	5,966,731	977,958	75,132,632	74,267,563	865,069
5.0 Sports						
	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-
6.0 Environment						
Mwoki Primary School	568,233	-	-	568,233	-	568,233
Chango Primary School	568,233	-	-	568,233	-	568,233

National Government Constituencies Development Fund (NGCDF)
Vihiga 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
Madira Girls High School	568,233	-	-	568,233	-	568,233
Hamasana Primary School	-	-	555,313	555,313	552,008	3,304
Chavavo Secondary School	-	-	555,313	555,313	552,008	3,304
Inyanza Secondary School	-	-	555,313	555,313	552,008	3,304
Sub-total	1,704,699	-	1,665,938	3,370,636	1,656,025	1,714,611
7.0 Primary Schools Projects						
Hamasan Primary School	1,700,000	-	-	1,700,000	571,600	1,128,400
Masana Aic Primary School	2,560,875	-	-	2,560,875		2,560,875
Magui Primary School	573,635	-	-	573,635		573,635
Igakala Primary School	3,000,000	-	-	3,000,000		3,000,000
Kisingilu Primary School	1,889,080	-	-	1,889,080	-	1,889,080
Madzuu Primary School	1,700,000	695	-	1,700,695	950,252	750,443
Embaga Primary School	1,700,000	95	-	1,700,095	1,570,912	129,183
Kidundu Primary School	1,700,000	-	-	1,700,000	-	1,700,000
Vigetse Primary School	-	3,500	4,800,000	4,803,500	4,775,194	28,306
Chandolo Special School	-	27,189	1,700,000	1,727,189	1,725,236	1,953
Got Kabindi Primary School	-	-	1,700,000	1,700,000	1,699,626	374
Kitulu Primary School	-	1,930	1,700,000	1,701,930	1,700,295	1,635
Ikumba Primary School	-	-	2,350,000	2,350,000	2,349,013	988

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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
Kegendirova Primary School	-	28,627	1,700,000	1,728,627	1,726,202	2,425
Vumale Primary School	-	30,109	1,700,000	1,730,109	1,725,736	4,373
Kedohi Primary School	-	1,435	1,700,000	1,701,435	1,700,771	664
Chavavo Primary School	-	-	1,700,000	1,700,000	1,696,779	3,221
Kigadahi Primary School	2,000,000	3,975	6,630,575	8,634,550	8,044,915	589,635
Madira Primary School	-	4,815	4,800,000	4,804,815	4,756,410	48,405
Chambiti Primary School	-	29,800		29,800		29,800
Chanda Primary School	-	34,200		34,200		34,200
Chango Primary School	-	5,942,961		5,942,961	5,933,788	9,173
Chanzeywe Primary School Pmc	-	1,037,834		1,037,834	1,037,834	-
Chanzeywe Primary School Pmc		4,853,464		4,853,464	4,847,735	5,729
Chavavo Primary School Pmc	-	886		886		886
Chavugami Primary School	-	22,950		22,950		22,950
Enanga Primary School	-	19,025		19,025		19,025
Gilwatsi Primary School	-	5,916,844		5,916,844	5,911,104	5,740
Got Kabindi Pri School	-	1,349		1,349		1,349
Hamasana Primary School	-	28,815		28,815		28,815
Idavaga Primary School Pmc	-	18,734		18,734		18,734
Ihyagalo Primary School	-	50		50		50

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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
Kidinye Primary School	-	2,950		2,950		2,950
Lwang'ele Primary School Pmc	-	1,053		1,053		1,053
Madzugi Primary School Pmc	-	1,973		1,973		1,973
Magaka Primary School	-	3,862		3,862		3,862
Matsigulu Primary School	-	58,955		58,955		58,955
Musunguti Primary School	-	17,533		17,533		17,533
Navuhi Primary School	-	2,965		2,965		2,965
Vigina Primary School	-	27,792		27,792		27,792
Vihiga Education Assessment	-	2,950		2,950		2,950
Visiru Primary School	-	1,137		1,137		1,137
Sub-total	16,823,590	18,130,451	30,480,575	65,434,616	52,723,401	12,711,214
7.1 JSS NGCDF						
Vigetse Primary School	-	-	2,524,396	2,524,396	2,520,591	3,805
Vihiga Primary School	2,852,730	38,961		2,891,691	1,368,000	1,523,691
Lusavasavi Primary School	2,852,730	22,986		2,875,716	1,360,814	1,514,902
Mahanga Primary School	2,852,730	1,974		2,854,704	1,330,000	1,524,704
Madira Primary School	2,852,730	-		2,852,730	1,710,000	1,142,730
Hambale Primary School	2,852,730	-		2,852,730	-	2,852,730
Sub-total	14,263,650	63,921	2,524,396	16,851,967	8,289,405	8,562,562

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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
7.2 JSS NGCDF EQUIPTING LABORATORY						
Mukuli Primary School	-	-	-	-	-	-
Inyanza Primary School	-	-	-	-	-	-
Isaku Primary School	-	-	-	-	-	-
Kerongo Primary School		-	-	-	-	-
Sub-total	-	-	-	-	-	-
7.3 JSS MOE						
Mukuli Primary School	4,800,000	2,176	2,524,396	7,326,572	2,397,404	4,929,168
Inyanza Primary School	4,800,000	2,775	2,524,396	7,327,171	7,326,805	366
Isaku Primary School	4,800,000	10,995	2,524,396	7,335,391	7,305,370	30,021
Kerongo Primary School	4,800,000	1,741	2,524,396	7,326,137	2,523,200	4,802,937
Sub-total	19,200,000	17,687	10,097,583	29,315,270	19,552,778	9,762,492
8.0 Secondary Schools Projects (List all the Projects)						
Vigina Secondary School.	-	41,705	4,500,000	4,541,705	4,503,095	38,610
Kitumba Secondary School PMC	-	12,771	10,000,000	10,012,771	7,580,668	2,432,104
Kerongo Secondary School	-	375	-	375	-	375
St. Clares Maragoli Girls' High School	-	1,418	-	1,418	-	1,418

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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
Ikumba Secondary school	-	165,173	-	165,173	-	165,173
Chavavo secondary School PMC	-	-	-	-	-	-
Chango Secondary School PMC	-	151,308	-	151,308	-	151,308
Masana Secondary School PMC	-	15,193	-	15,193	-	15,193
Kidinye Secondary School PMC	-	2,929	-	2,929	-	2,929
Chambiti Secondary school PMC	-	940	-	940	-	940
Kegoye Secondary School	-	710	-	710	-	710
Madira Girls High School PMC	-	21,187	-	21,187	-	21,187
Sub-total	-	413,709	14,500,000	14,913,709	12,083,763	2,829,947
9.0 Tertiary institutions Projects (List all the Projects)						
Kmtc Vihiga	-	28,933	24,000,000	24,028,933	20,825,079	3,203,854
Chanzeywe TVC	7,657,000	-	-	7,657,000	-	7,657,000
Sub-total	7,657,000	28,933	24,000,000	31,685,933	20,825,079	10,860,854
10.0 Security Projects	-					
Vihiga Police Station	300,000	-	-	300,000		300,000
Mbale Police Station	300,000	-	-	300,000		300,000
Vihiga Sub – County Assistant County Commissioners Office	300,000	-	-	300,000		300,000
Muhanda Assistant Chiefs Office	200,000	-	-	200,000		200,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Mungoma Chiefs Office	300,000	-	-	300,000		300,000
Mbale Dci Office	300,000	-	-	300,000		300,000
Central Maragoli Chiefs Office	300,000	-	-	300,000		300,000
Mungoma Divisional Hqs	5,630,860	-	-	5,630,860	-	5,630,860
Ivone Ap Camp	2,500,000	-	-	2,500,000	-	2,500,000
Vunandi Ap Camp	-	-	2,400,000	2,400,000	2,398,702	1,298
Kegoye Ap Camp	-	-	2,400,000	2,400,000	2,360,595	39,405
Mbale Police Station	573,635	-	1	573,636		573,636
Mungoma Divisional Hqs	-	-	5,000,000	5,000,000	222,050	4,777,950
Vihiga Police Station	-	7,500	-	7,500	-	7,500
Mbale Police Station Pmc	-	9,630	-	9,630	-	9,630
Idelery A.P Camp	-	44,825	-	44,825	-	44,825
Lyavora A.P Camp	-	60,269	-	60,269	-	60,269
Mbale Police Station	-	958,899	-	958,899	844,133	114,766
Lugaga Chiefs Office	-	46,992	-	46,992	43,395	3,597
Lyavora Ap Camp	-	1,309,019	-	1,309,019	1,305,000	4,019
Vunandi Adm Police Camp	-	4,450	-	4,450	-	4,450
Kegoye Adm Police Camp	-	1,825	-	1,825	-	1,825
Lusavasavi Ap Camp Chiefs Office	2,500,000	148,976	2,900,000	5,548,976	5,021,438	527,538

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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
Sub-total	13,204,495	2,592,385	12,700,001	28,496,881	12,195,313	16,301,568
11.0 Acquisition of assets						
11.1 Motor Vehicles (including motorbikes)	-	-	12,000,000	12,000,000	9,733,170	2,266,830
11.2 Purchase of furniture and fittings	-	-	-	-	-	-
11.3 Construction of CDF office	-	-	-	-	-	-
Sub-total	-	-	12,000,000	12,000,000	9,733,170	2,266,830
12.0 Digital Hub						
Angoya Digital Hub	5,114,096	-	-	5,114,096	-	5,114,096
Sub-total	5,114,096	-	-	5,114,096	-	5,114,096
13.0 Others						
Vihiga NG-CDF Strategic Plan	-	64,655	-	64,655	-	64,655
Sub-total	-	64,655	-	64,655	-	64,655
Funds pending approval**						
unapproved projects		-		-	-	-
AiA	-	11,000	17,000	28,000	-	28,000
Sub-total	-	11,000	17,000	28,000	-	28,000
Total	170,469,857	28,367,423	112,529,086	311,366,366	231,308,003	80,058,363

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 VIHIGA Constituency principal activity is service delivery through improvement of infrastructure and provision of bursaries to needy students within the constituency.

2. Statement of Compliance and Basis of Preparation

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

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

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

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NG-CDF. The financial statements have been prepared in accordance with the PFM Act, the NGCDF Act (*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 cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>Not Applicable</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>Not Applicable</i>

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<p>IPSAS 45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>Not Applicable</p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Not Applicable</p>
<p>IPSAS 47: Revenue</p>	<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</p>

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	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. Not Applicable
IPSAS 48: Transfer Expenses	Applicable 1st January 2026 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. Not Applicable
IPSAS 49: Retirement Benefit Plans	Applicable 1st January 2026 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. Not Applicable
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <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. Not Applicable

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 xx June 2025 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 xx*

b) Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

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

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

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Related parties

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

o) Cash and Cash Equivalents

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

p) Comparative figures

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

q) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

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

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6. Transfers from the NGCDF Board

Description	Period ended June 2025
	Kshs
NGCDFB Transfers (Allocation for the FY)	170,469,857
Total	170,469,857

7. Transfers from domestic and foreign partners

Description	Period ended June 2025
	Kshs
Grants	-
Total	-

8. Finance income

Description	Period ended June 2025
	Kshs
Interest Income on Bank Deposits	-
Total	-

9. Miscellaneous income

	Period ended June 2025
	Kshs
Rental Income	-
Income from sale of tenders	11,000
Hire of plant/equipment/facilities	-
Other Income Not Classified Elsewhere (<i>specify</i>)	-
Total	11,000

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10. Employees cost

	<i>Period ended June 2025</i>
	Kshs
NG-CDFC Basic staff salaries	3,419,987
Personal allowances paid as part of salary	225,900
House Allowance	196,800
Transport Allowance	162,000
Leave allowance	-
Gratuity to contractual employees	1,002,540
Employer Contributions Compulsory national social security schemes	259,486
Employer Contributions Compulsory Housing levy	59,847
Employer contributions to National Industrial Training Authority	8,850
Other Specify	704,000
Total	6,039,410

11. Committee Expenses

	<i>Period ended June 2025</i>
	Kshs
Sitting allowance	2,386,600
Other Committee expenses	481,176
Total	2,867,776

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12. Use of Goods and services

	<i>Period ended June 2025</i>
	Kshs
Utilities, supplies and services	44,824
Communication, supplies and services	342,780
Domestic travel and subsistence	718,300
Printing, advertising and information supplies & services	873,103
Office Rent	-
Training expenses	1,030,480
Hospitality supplies and services	382,129
Insurance costs	-
Specialized materials and services	50,000
Office and general supplies and services	2,451,763
Fuel, oil & lubricants	231,143
Bank charges	241,201
Routine maintenance – vehicles and other transport equipment	155,654
Routine maintenance – other assets	42,791
Strategic plan expenses	-
Other operating expenses	679,500
Total	7,243,668

13. Other Government Units Actual expenditure

Description	<i>Period ended June 2025</i>
	Kshs
Primary Schools Actual expenditure	80,795,584
Secondary Schools Actual expenditure	12,083,763
Tertiary Institutions Actual expenditure	22,416,640
Total	115,295,987

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14. Other Grants and transfers Actual expenditure

	<i>Period ended June 2025</i>
	Kshs
Bursary – secondary schools	31,042,680
Bursary – tertiary institutions	35,732,883
Bursary – special schools	7,492,000
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	12,340,248
Climate change mitigation projects	1,656,025
Emergency projects Actual expenditure	4,833,192
Roads projects Actual expenditure	-
Others specify	-
Total	93,097,028

15. Depreciation and Amortization Expenses

Description	<i>Period ended June 2025</i>
	Kshs
Property Plant and Equipment	2,433,293
Intangible Assets	-
Total	2,433,293

16. Digital Hubs Expenses

Description	<i>Period ended June 2025</i>
	Kshs
Construction/ renovation/ Actual expenditure	-
Digital Hub utility costs Water, Electricity,	-
Maintenance of ICT equipment	-
Maintenance of building	-
Others (<i>specify</i>)	-
Total	-

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17. Gain/loss on Sale of Assets

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

18. Impairment Loss

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

19. Cash and Cash Equivalents

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>Co-operative Bank, Account No. 01141471496600 Mbale Branch (Operations account)</i>	15,114,537	7,023,499
<i>Operations account pending closure (Indicate name & account no.) N/A</i>	-	-
<i>Co-operative Bank, account No. 01104714966001 Mbale Branch (Deposit account)</i>	2,127,840	-
<i>PMC accounts-Various Banks Listed in Annex 2</i>	36,448,859	21,332,924
Total	53,691,237	28,356,423
Cash Balances		
Location 1	-	-
Location 2	-	-
Other Locations <i>(Specify)</i>	-	-
Total	-	-

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20. Receivables from Exchange Transactions

Description	Period ended	Opening Statement
	June 2025	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)	-	-

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

i. Ageing Analysis for Receivables

Description	Period ended June 2025		Opening Statement	
	Kshs		Kshs	
	Current FY	% 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	Period ended June 2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	26,367,127		112,529,086	
Outstanding imprest	-		-	
Total	26,367,127		112,529,086	
Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	26,367,127	100%	112,529,086	100%
Between 1-2 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	26,367,127	100%	112,529,086	100%

22. Prepayments

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

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23. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work progress	Total
Depreciation Rate(specify)		2%	25%	12.5%	30%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 2024	-	-	-	-	-	-	-	-
Additions	-	-	9,733,170	-	-	-	-	9,733,170
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As At 30th June 2025	-	-	9,733,170	-	-	-	-	9,733,170
Depreciation And Impairment								
Opening Depreciation	-	-	-	-	-	-	-	-
Depreciation	-	-	2,433,293	-	-	-	-	2,433,293
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At 30th June 2025	-	-	2,433,293	-	-	-	-	2,433,293
Net Book Values								
Opening Bal as at 1st July 2024	-	-	-	-	-	-	-	-
As At 30th June 2025	-	-	7,299,878	-	-	-	-	7,299,878

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Valuation

Land and buildings/ Equipment have not been 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
	Kshs
Cost	
Opening balance at 1 st July 2024	-
Additions	-
Disposal	-
At end of the 2025	-
Amortization and impairment	
At beginning of the year	-
Amortization	-
At end of the year	
Impairment loss	-
At end of the year	-
NBV at July 1st 2024	-
NBV at June 30th 2025	-

25. Right-of use assets

Description	Buildings Kshs	Plant Kshs	Equipment Kshs	Total Kshs
Cost				
As At 1 July (Comparative period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025 (Comparative Period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025 (Current FY)	-	-	-	-
Accumulated Depreciation				
As At 1 July 2024 (Comparative period)	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2024 (Comparative period))	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025 (Current FY)	-	-	-	-
Carrying Amount				
As At 30 June 2025 (Current FY)	-	-	-	-
As At 30 June 2025. (Comparative Period)	-	-	-	-

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26. Trade and Other Payables

Description	Period ended June 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)	2025-2025	% 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)	-		-	

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27. Third-Party deposits

	<i>Period ended June 2025</i>	<i>Opening Statement 1st July 2024</i>
	Kshs	
Retention as at 1 st July (A)	-	-
Retention held during the year (B)	3,926,983	-
Retention paid during the Year (C)	1,960,487	-
Closing Retention as at 30th June D= A+B-C	1,966,496	-

Retentions aging analysis.

	Period ended June 2025	% of the total	Opening Statement 1st July 2024	% of the total
Less than 1 year	2,056,496	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	2,056,496		-	

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

28. Lease Liabilities

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

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Maturity Analysis

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	Period ended June 2025	Opening Statement 1st July 2024
	Kshs	
Gratuity at the beginning of the year 1 st of July	1,125,300	-
Gratuity held during the year	1,002,540	1,125,300
Gratuity paid during the year	-	-
Total Gratuity Provision 30th June (A+B-C)	2,127,840	1,125,300

30. Cash Generated from Operations

	Period ended June 2025
	Kshs
Surplus/Deficit for the year	(56,496,305)
Adjusted for:	
Depreciation	2,433,293
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase/decrease in receivables	(86,161,959)
Increase/decrease in payables	(2,969,036)
Net cash flow from operating activities	35,067,983

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

31. Financial Risk Management

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

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

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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.

i) Credit risk

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	26,367,127	26,367,127	-	-
Bank balances	53,691,237	53,691,237	-	-
Total	80,058,363	80,058,363	-	-
As at 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	112,529,086	112,529,086	-	-
Bank balances	28,356,423	28,356,423	-	-
Total	140,885,509	140,885,509	-	-

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity's

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credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	2,056,496	2,056,496
Deferred income	-	-	-	-
Gratuity Provision	-	-	2,127,840	2,127,840
Total	-	-	4,184,336	4,184,336
As at 30th June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	1,125,300	1,125,300
Total	-	-	1,125,300	1,125,300

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

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prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

2024-2025

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

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Foreign currency sensitivity analysis

2024-2025

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

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
2024-2025			
Euro	10%	N/A	N/A
USD	10%	N/A	N/A
2023-2024			
Euro	10%	N/A	N/A
USD	10%	N/A	N/A

b) Interest rate risk

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

Management of interest rate risk

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

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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (Current FY: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (Current FY – Kshs xxx)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

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- 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 2025				
Financial Assets				
Quoted Equity Investments	N/A	N/A	N/A	N/A
Non- Financial Assets				
Investment Property	N/A	N/A	N/A	N/A
Land And Buildings	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A
As at 30th June 2024				
Financial Assets				
Quoted Equity Investments	N/A	N/A	N/A	N/A
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	Period ended June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	96,464,997	96,464,997
Capital Reserve	-	-
Total Funds	96,464,997	96,464,997
Total Borrowings	-	-
Less: Cash and Bank Balances	66,982,329	30,934,393
Net Debt/(Excess Cash And Cash Equivalent)	-	-
Gearing		

32. Related Party Disclosures

	Period ended June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	2,386,600	1,316,000
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	170,469,857	166,593,720
Total	172,856,457	167,909,720

33. Segment Information

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

34. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	Period ended June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	NA	NA
Assets Arising from Determination Of Court Cases	NA	NA
Reimbursable Indemnities and Guarantees	NA	NA
Receivables From Other Government Entities	NA	NA
Others (Specify)	NA	NA
Total	NA	NA

Contingent Liabilities

Description	Period ended June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Contingent Liabilities	NA	NA
Court Case xx against the Entity	NA	NA
Bank Guarantees in Favour of Subsidiary	NA	NA
Contingent Liabilities arising from Contracts Including PPPs	NA	NA
Others (Specify)	NA	NA
Total	NA	NA

35. Capital Commitments

Capital Commitments	Period ended June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Authorised for	NA	NA
Authorised and Contracted for	NA	NA
Total	NA	NA

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

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

PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Chambiti Primary School	Cooperative Bank	01141246286700	29,800	29,800
Chanda Primary School	Cooperative Bank	01141246286000	34,200	34,200
Chandolo Special School	Cooperative Bank	01141015000900	1,953	27,189
Chango Primary School	Cooperative Bank	01141015000900	9,173	5,942,961
Chanzeywe Primary School Pmc	Kcb Bank	1255317647	-	1,037,834
Chanzeywe Primary School Pmc	Kcb Bank	1255317647	5,729	4,853,464
Chavavo Primary School Pmc	Kcb Bank	1209361337	4,107	886
Chavugami Primary School	Cooperative Bank	01141246286100	22,950	22,950
Enanga Primary School	Cooperative Bank	01141471048400	19,025	19,025
Gilwatsi Primary School	Kcb Bank	1209579936	5,740	5,916,844
Got Kabindi Pri School	Kcb Bank	1273775333	1,723	1,349
Hamasana Primary School	Cooperative Bank	01141246300100	1,157,215	28,815
Idavaga Primary School Pmc	Kcb Bank	1273498917	18,734	18,734
Ihyagalo Primary School	Cooperative Bank	01141246300300	50	50
Ikumba Primary School	Cooperative Bank	1101270711001	988	-
Kedohi Primary School	Kcb Bank	1210240394	664	1,435
Kegendirova Pri School	Kcb Bank	1240016506	2,425	28,627
Kerongo Primary School	Cooperative Bank	01141246283700	4,800,000	-

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Kidinye Primary School	Kcb Bank	1265874662	2,950	2,950
Kitulu Primary School	Kcb Bank	1235074986	1,635	1,930
Kigadahi Primary School	Cooperative Bank	1141246363500	4,135	3,975
Kigadahi Primary School	Cooperative Bank	1141246363500	5,675	-
Kigadahi Primary School	Cooperative Bank	1141246363500	186,225	-
Lwang'ele Primary School Pmc	Kcb Bank	1238591078	1,053	1,053
Madira Primary School	Kcb Bank	1205545069	48,405	4,815
Madzugi Primary School Pmc	Cooperative Bank	1141471111500	1,973	1,973
Madzuu Primary School	Cooperative Bank	1141471111500	750,443	695
Magaka Primary School	Cooperative Bank	1141471048600	3,862	3,862
Matsigulu Primary School	Cooperative Bank	01141471099500	58,955	58,955
Musunguti Primary School	Cooperative Bank	1141471084400	17,533	17,533
Navuhi Primary School	Cooperative Bank	1141246310600	2,965	2,965
Vigetse Primary School	Kcb Bank	1237532191	28,306	3,500
Vigina Primary School	Kcb Bank	1210011921	27,792	27,792
Vihiga Education Assessment	Cooperative Bank	1141246310400	2,950	2,950
Visiru Primary School	Cooperative Bank	01141471152400	1,137	1,137
Vumale Pri School	Kcb Bank	1252400535	4,373	30,109
Embaga Primary School	Kcb Bank	1209635542	129,183	95

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Kisingui Primary School	Kcb-Mbale	1210802473	1,889,080	-
Kidundu Primary School	Coop-Mbale	1101506329001	1,700,000	-
Vigetse Pri School	Kcb-Mbale	1237532191	3,805	-
Vihiga Primary School	Cooperative Bank	1141471048800	1,523,691	38,961
Lusavasavi Primary School	Kcb Bank	1210004399	1,514,902	22,986
Mahanga Primary School	Cooperative Bank	01141471128700	1,524,704	1,974
Madira Primary School	Kcb Bank	1205545069	1,142,730	-
Mukuli Primary School	Kcb Bank	1210249162	129,168	2,176
Mukuli Primary School	Kcb Bank	1210249162	4,800,000	-
Inyanza Primary School	Kcb Bank	1274264928	167	2,775
Inyanza Primary School	Kcb Bank	1274264928	199	-
Isaku Primary School	Kcb Bank	1209532298	29,899	10,995
Isaku Primary School	Kcb Bank	1209532298	122	-
Kerongo Primary School	Cooperative Bank	1141246283700	2,937	1,741
Kitumba Secondary School Pmc	Cooperative Bank	1141471317500	2,432,104	12,771
Kerongo Secondary School	Cooperative Bank	01141246206200	375	375
St. Clares Maragoli Girls' High School	Cooperative Bank	01141246304600	1,418	1,418
Ikumba Secondary School	Kcb Bank	1273528050	165,173	165,173
Chango Secondary School Pmc	Kcb Bank	1259459322	151,308	151,308

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Masana Secondary School Pmc	Kcb Bank	1255365781	15,193	15,193
Kidinye Secondary School Pmc	Kcb Bank	1265874662	2,929	2,929
Chambiti Secondary School Pmc	Kcb Bank	1255579218	940	940
Kegoye Secondary School	Kcb Bank	1265581975	710	710
Madira Girls High School Pmc	Kcb Bank	110801342	21,187	21,187
Vigina Secondary School.	Kcb Bank	1210011921	38,610	41,705
Kmtc Vihiga	Cooperative Bank	1141246294900	3,203,854	28,933
Vihiga Constituency Climate Change	Cooperative Bank	1101360265001	9,913	-
Vihiga Police Station	Kcb Bank	1268052043	7,500	7,500
Mbale Police Station Pmc	Kcb Bank	1240784554	9,630	9,630
Idelery A.P Camp	Cooperative Bank	01141471151500	44,825	44,825
Lyavora A.P Camp	Cooperative Bank	01141471316200	60,269	60,269
Mbale Police Station	Kcb Bank	1240784554	114,766	958,899
Lugaga Chiefs Office	Kcb Bank	1267169915	3,597	46,992
Lyavora Ap Camp	Cooperative Bank	01141471316200	4,019	1,309,019
Vunandi Adm Police Camp	Cooperative Bank	1141246301000	5,748	4,450
Kegoye Adm Police Camp	Kcb Bank	1266805206	41,230	1,825
Lusavasavi Ap Camp Chiefs Office	Cooperative Bank	1141246389400	527,538	148,976
Mungoma Divisional Hq	Cooperative Bank	1101576651001	4,777,950	-

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Ivone Ap Camp	Kcb-Mbale	1341876403	2,500,000	-
Homasana Primry School	Cooperative Bank	01141246300100	2,215	28,815
Womulalafriends Primary School	Cooperative Bank	1141246301000	25,354	25,727
Isaku Primary School	Kcb Bank	1209532298	81	-
Inavi Primary School	Cooperative Bank	1141246310500	8,031	7,950
Masana Aic	Kcb Bank	1255365781	12,788	20,395
Kidundu Primary School	Cooperative Bank	1101506329001	1,958	-
Chandolo Special School	Kcb Bank	1288116071	9	-
Enanga Primary School	Cooperative Bank	01141471048400	599,244	-
Navuhi Primary School	Cooperative Bank	1141246310600	2,965	2,950
Total			36,448,859	21,332,924

Annex 3: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>BUDGETARY CONTROL AND PERFORMANCE The summary statement of appropriation-recurrent and development combined reflects final receipts budget and actual receipts comparable basis of kshs.270,179,043 and 157,649,957 respectively resulting to an underfunding of kshs.112,529,086 or 42% of the budget. Similarly, the fund spent kshs.151,751,759 against an approved budget of</p>	<p>The 42% funding shortfall arose primarily from late disbursements by the NGCDF Board, whose mandate includes timely release of funds to the Fund's management. This delay led to 44% under-utilization of the budget, adversely affecting planned activities and service delivery to constituents.</p>	Not resolved	One Month

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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>kshs.270,179,043 resulting to an under-expenditure of kshs.118,427,285 or 44%of the budget The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the Vihiga constituents</p>			
2.	<p>INTERNAL AUDIT REVIEW Review of the funds operation indicated that no internal audit reviews were performed on the funds internal process and no risk assessment was carried out to identify and address the areas of concern and documents specific control in response to identified risk</p>	<p>No internal audit reviews or risk assessments were undertaken during the period to evaluate and address areas of concern or document specific controls. Consequently, the effectiveness of the Fund's internal controls, risk management, and governance could not be ascertained. Management will</p>	Not Resolved	One Month

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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)
	The effectiveness of internal controls, risk management and governance of the fund could not be confirmed	prioritize establishing a robust internal audit function.		
3.	LACK OF AN OVERSIGHT COMMITTEE Review of the financial statements for the year under review revealed that management did not incur oversight committee expenditure contrary to section 53 of the NGCDF act 2015 that requires the oversight committee to meet at least twice in a financial In the absence of a functional oversight committee there is a risk of biasness in the distribution of the	No expenditure was incurred on the Oversight Committee during the year, contrary to Section 53 of the NGCDF Act, 2015. The absence of a functional committee poses a risk of bias in project fund allocation. Management will ensure the committee is constituted and meets as required.	Not resolved	One month

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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)
	CDF funds amongst other various projects			

Name: Joe Godwin Oduor
Fund Account Manager.

