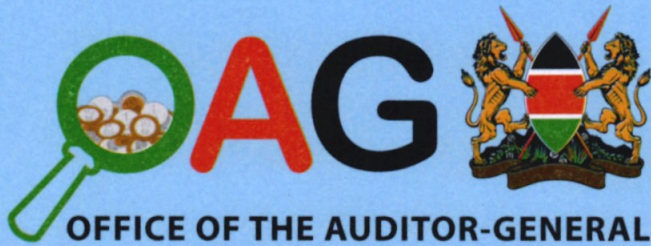


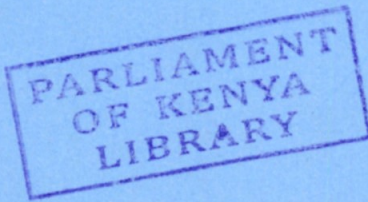
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF




THE AUDITOR-GENERAL

ON

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

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

 NATIONAL ASSEMBLY PAPERS LAID	
DATE:	07 APR 2026 DAY.
TABLED BY:	Hon Samuel chepkong'at, mp Tuesday
CLERK-AT THE-TABLE:	A. Shibuiko





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

MSAMBWENI CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025

Transitional Financial Statements under the International Public Sector Accounting
Standards (IPSAS)

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

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 realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to exercise oversight over the performance of exclusive national government functions at the constituency level as provided for under Article 95 of the Constitution;

- h) Authorize withdrawal of money from the Consolidated Fund as provided under Article 206(2)(c) of the Constitution;
- i) Provide mechanisms for supplementing infrastructure development at the constituency level in matters falling within the exclusive functions of the national government at that level in accordance with the Constitution;
- j) Provide a framework for citizens-led development to assist the national government in planning and prioritizing the use of its resources;
- k) Create a harmonious relationship between citizens and the national government and its officers in local development;
- l) Provide a platform for citizens' participation in service delivery;
- m) Build local accountability and transparency in the use of resources; and
- 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 Msambweni 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	Brian Nyika Ngaluma
2.	National Sub-County Accountant	Abdalla Swaleh Mohamed
3.	Chairman NGCDFC	Thabiti Mohamed Mchambi
4.	Member NGCDFC	Mwanaisha Rashid Halfan

(c) Fiduciary Oversight Arrangements

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

P.O. Box 243-80400
Msambweni NGCDF Building,
Likoni Lunga Lunga Road,
Ukunda, KENYA.

(e) NGCDF Msambweni Constituency Contacts

Telephone: (254) 793596980
E-mail: cdfmsambweni@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) NGCDF Msambweni Constituency Bankers

1. Bank A. (Operations Account).
Cooperative Bank (A/C NO 01141120043594500)
Ukunda Branch
P.O .Box 568 - 80400
Ukunda.
2. Bank B. (Deposit account).
Equity (A/C NO 044025222626)
Ukunda Branch
P.O. Box
Ukunda
3. Bank C. (PMC Accounts)
Cooperative bank – Ukunda Branch, Equity Bank Ukunda Branch,
Family Bank – Ukunda Branch, KCB Bank- Ukunda Branch



(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>Chairman – Thabiti Mohamed Mchambi</p> 	<p>Date of Birth: 07.04.1984 Academic Qualification: KCSE Profession: Business man Work experience: He is serving his second term as the chairperson of NG-CDF Msambweni Committee.</p>
<p>Secretary – Salim Mohamed Kirinzo</p> 	<p>Date of Birth: 24.05.1993 Academic Qualification: KCSE Professional Qualification: Tour Guide Work experience: Serving his first term in NG-CDF Msambweni Committee as the Secretary.</p>

<p>Member 3 – Rose Kamene Matheka</p> 	<p>Date of Birth: 01.01.1991</p> <p>Academic Qualification: KCSE</p> <p>Professional Qualification: Business Person</p> <p>Work experience: She is serving her second term in the NG-CDF Msambweni Committee.</p>
<p>Member 4 – Mwakibibo Rama Juma</p> 	<p>Date of Birth: 01.01.1971</p> <p>Academic Qualification: KCSE</p> <p>Professional Qualification: Electrician</p> <p>Work experience: He is serving his second term in the NG-CDF Msambweni Committee.</p>
<p>Member 5 – Mwanaisha Rashid Halfani</p> 	<p>Date of birth: 12.12. 1961</p> <p>Academic qualification: KCSE</p> <p>Professional qualification: Business Person</p> <p>Work experience She is serving her second term in the NG-CDF Msambweni Committee.</p>

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<p>Member 6- Mohamed Kassim Gambere</p> 	<p>Date of Birth: 01.01.1969 Academic Qualification: KCSE Professional Qualification: Business Man Work experience: He is serving his second term in the NG-CDF Msambweni Committee.</p>
<p>Member 7 – Gladys Reuben</p> 	<p>Date of Birth: 06.03.1968 Academic Qualification: KCSE Professional Qualification: Business lady Work experience: She is serving her term in the NG-CDF Msambweni Committee.</p>
<p>Fund Account Manager- Brian Nyika Ngaluma</p> 	<p>Date of birth: 22.05.1994 Academic qualification: Bachelors of Business Administration Professional qualification: Certified Public Accountant Work experience: Working with the NGCDFB as the Fund Account Manager for a period of three (3) years</p>

4. NG-CDFC Chairman's Report



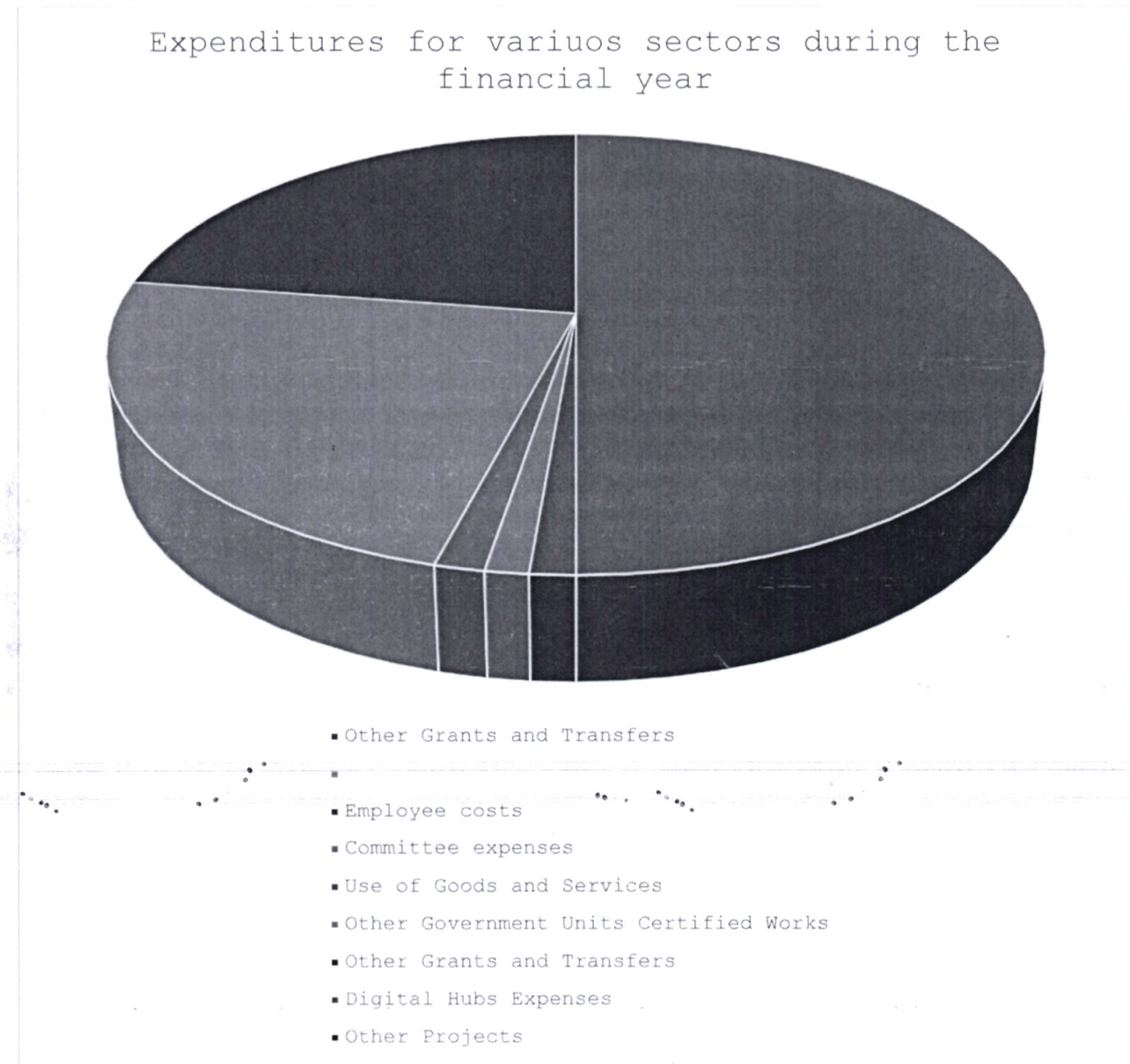
Mr. Thabiti Mohamed Mchambi

Msambweni constituents have continuously participated effectively in cascading the objectives of the National Development Plan. They are aware of their rights and the power bestowed on them by the constitution of Kenya (2010) in relation to implementation of all the development programmes within the constituency. The constitution of Kenya gives the right to participate in public forums in order to air their opinions as well as grievances through public participation. They too get an opportunity to give feedback in relation to the already implemented programmes carried out with fairness, transparency, openness and accountability.

Financial year budget

In the financial year 2024/2025 the NG-CDF Msambweni Constituency received Ksh.267,356,425. The budgetary allocation for the FY 2024/2025 was Kshs 209,826,281. The management therefore received a disbursement of 86% of its budget. During the year a total of Kshs 167,981,897 was paid translating to 54% budget utilization through implementation of tangible/physical projects targeted within the financial year as well as issuance of bursaries to needy students. The remaining 46% consisted of amounts disbursed close to the end of the financial year and money owed from the board therefore could not be utilized within the year. Education programme under Primary school projects constituted the highest level of payments amounts to kshs 78,703,728 translating to 47% of the total payments.

The ultimate plan for the year was continuous improvement of infrastructure in our education institutions and ICT sector so as to broaden the labour base by creating jobs to the young generation as well as to improve the educational opportunities in the constituency.



CHALLENGES

The challenges we face in our constituency is that the allocation we get from the board is not adequate to cater for all the ward proposals captured during public participation exercise. Also the bursary fund does not fully quench the needy student's thirst, thereby leading to some of vulnerable students dropping out of school. This leads to some development projects to be left out or joining the waiting list.

Due to the budget constraints, the NGDFC works closely with the private sector in making sure that they fund those projects that were not successful. For example the CDAC (Community Development Agreement Committee) under our mining company base titanium has funded scholarships for a good number of vulnerable students and also implemented various development projects in learning institutions e.g. construction of classrooms, dormitories, perimeter walls administration blocks etc.

ACHIEVEMENTS.

During the financial year, Msambweni has achieved a lot in the education sector whereby new classrooms, administration blocks, toilets etc were constructed. Also the constituency issued bursary to more than seven thousand needy students in the constituency. In addition, we run a social security program where as 600 elderly and diseased people get free medical services fully sponsored by the NGCDF Msambweni.



Milalani Junior Secondary school – Construction of Science Laboratory.



Galu Primary School Renovation of 4No. Classrooms.

Through the initiative of prioritizing issuing bursary to day schools within the constituency the NG-CDF Committee is overwhelmed by large numbers of students in day schools hence consuming a bigger fraction of bursary award. This has increased students retention in learning secondary schools

The NG-CDF Msambweni in its mandate of improving infrastructure in learning institutions came up with an initiative whereby the NG-CDF committee and bursary subcommittee members visited all secondary school within the constituency to create awareness on the need of prioritizing education to anything else so that they get better grades by the time they complete their form four

During rainy season most of learning institutions toilets collapsed due to heavy rains which led to high rate of diseases and subsequent closure notices from the public health officer. The management intervened and constructed toilets to the affected institutions through the emergency fund so as to salvage the institutions.



.....
Name: Thabiti Mohamed Mchambi
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 Msambweni Constituency 2023-2027** plan are to:

- i. Promotion of Education and Training in the constituency by empowering students and improving infrastructure in the learning institutions
- ii. Ensure universal health coverage
- iii. Promotion of sports and creative talent for the youths
- iv. Enhancement of administration and security within the constituency.
- v. Promotion of Governance and Resource Mobilization
- vi. Promotion of a well-defined Monitoring and evaluation model

Progress on the attainment of Strategic development objectives

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

Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels	In FY 2024/25 -we increased number of education infrastructure by constructing 8 new classrooms, 8 new science laboratory for junior secondary schools, rehabilitating 25 classrooms, constructing 8

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

				toilets in 8 primary schools, 1 administration block, and 2 number dormitories in secondary schools. - Bursary beneficiaries at all levels were as per the attached schedules
Security	Improve the infrastructure of the National Government Administration Equip and facilitate the National Police service	Increased number of citizens getting services in the chiefs offices Increased officers deployed in the national administration	Number of physical infrastructures built for chiefs in the constituency	During the financial year 2024/25 we constructed an administration block at msambweni police station in Ramisi ward.
Environment	To carry out climate mitigation measures.	Improved climatic conditions in the ecosystem.	Number of climate mitigation projects done	During the financial year we increased the number of trees in the constituency by planting 11340 trees in fifteen (15) school compounds.

6. Governance Statement

The NG-CDF Msambweni is governed by the NG-CDF committee members who are selected by a selection panel established under paragraph (4) of NG-CDF regulations.

The functions of a constituency committee shall be to

- Build the capacity of project Management Committees and 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 are approved;
- Ensure that project proposals submitted to the board include detailed budget proposals, procurement plans and works 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;
- Consult with relevant government department to ensure that cost estimates for projects are realistic; in considering joint projects;
- Ensure that projects proposed for funding fulfil the requirements provided in the Act and relevant circulars issued by the Board'
- Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board
- Ensure that project reports are prepared and submitted to the board;
- Ensure formation of project management committees, opening of project accounts, project implementation and closure of projects;
- Ensure that the principles of public finance as provided for under chapter twelve of the constitution and the public finance management legislation are observed in the management of the fund;
- Submit financial statements to the board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act;

- Collaborate with the officer of the Board seconded to the Constituency in the management of the fund, including the keeping of proper records and maintenance of books of account in accordance with section 38(b) of the Act;
- Record the names of all the signatories

Removal of NG-CDF Members

- The members of a constituency committee may remove a member in accordance with section 43(13) and (14) of the Act upon receipt of a complaint against a member.
- A complaint against a member of a constituency committee shall be deposited with the National Government Constituency office.
- The complaint referred to in paragraph (2) shall clearly set out the particulars of the issues complained of
- The secretary shall convene a special meeting in accordance with these regulations to deliberate on the complaint, but the member against whom the complaint is raised shall not participate in such a meeting
- If, at a meeting held pursuant to paragraph (4) members determine that sufficient grounds exist requiring the member against whom the complaint is raised to respond to the issues complained of, the secretary shall by notice, require the member to respond to the issues received in the complaint within fourteen days of the date of the notice
- A copy of the complaint and any other grounds of removal shall be attached to the notice issued under paragraph (5).
- The member against whom the complaint is raised may be required to respond to the complaint in writing. The member against whom a complaint is raised may, in addition to the written response required under paragraph (7), elect to be heard orally, and a constituency committee may hear such a member
- The member against whom a complaint is made may call witness. If the member against whom a complaint is raised choose not to submit a response in writing or to attend the hearings, a constituency committee may proceed to determine the matter

- Notwithstanding paragraph (10), a constituency committee may summon the member against whom the complaint is made to clarify any issue, and such member shall attend the hearing. Kenya subsidiary legislation, 2016 1955
- If the member against whom a complaint is made fails to respond to the complaint as may be directed by a constituency committee, the committee may proceed and make a determination based on the evidence available.
- A constituency committee shall issue its decision on the complaint within seven days after the conclusion of the hearing.
- If constituency committee resolves to remove the member against whom a complaint is made, the secretary shall communicate the decision of the constituency committee to the board within fourteen days of the decision.
- The communication to the board under paragraph (14) shall include dully executed proceedings, together with all the supporting documents.
- The board shall, within thirty days after receipt of the communication in the paragraph (14), consider the matter and issues a final declaration which shall be binding on all parties.

NG CDFC members and the categories they represent

S/no	Name	Position
1	Salim Mohamed Kirinzo	Male youth representative
2	Rose Kamene Matheka	Female youth representative
3	Thabit Mohamed Mchambi	PWD representative
4	Mohamed Kassim Gambere	Constituency Nominee Male representative
5	Gladys Reuben	Constituency Nominee Female representative
6	Mwanaisha Rashid Halfani	Female Adult representative
7	Mwakibibo Rama Juma	Male Adult representative
8	Mwanatumu Juma Kungoriko	Co-opted member of the board
9	Josphat Safari Mutisya	Deputy County Commissioner

Members remuneration

During financial year 2024/2025 the NG-CDF committee members conducted 15 meetings, bursary sub-committee conducted 2 meetings. They were remunerated at a rate of kshs 5,000

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per sitting and kshs 7,000 for the NG-CDFC Chairperson which were all subjected to 30% income tax.

No. of meetings (state how many meetings each member attended)

S/no	Name	Position	No. of meetings attended
1	Salim Mohamed Kirinzo	Male youth representative	15
2	Rose Kamene Matheka	Female youth representative	15
3	Thabiti Mohamed Mchambi	PWD representative	15
4	Mohamed Kassim Gambere	Constituency Nominee Male representative	15
5	Gladys Reuben	Constituency Nominee Female representative	15
6	Mwanatumu Juma Kungoriko	Co-opted member of the board	15
7	Josphat Safari Mutisya	Deputy County Commissioner	14
8	Mwanaisha Rashid Halfani	Female Adult representative	15
9	Mwakibibo Rama Juma	Male Adult representative	15

Schedule of minutes

DATE of NGCDFC MEETING	NGCDFC MEMBERS									
	Thabiti Mchambi	Salim Kirinzo	Mwakibibo Rama	Mohamed Gambere	Rose matheka	Mwanatumu kongoriko	Mwanaisha Rashid	Josphat Mutisya	Gladys Reuben	Brian Nyika
16/07/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
24/07/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
12/09/2024	✓	✓	✓	✓	✓	✓	✓		✓	✓

*National Government Constituencies Development Fund (NGCDF)
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13/08/2025	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
17/09/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
04/10/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11/11/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
04/01/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
13/01/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10/02/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
05/02/2025	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
14/03/2025	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
08/04/2025	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
15/04/2025	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
05/05/2025	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
12/06/2025	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
16/06/2025	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Succession in NG CDFC

The NG-CDF Msambweni Committee term came to an end after new committee members were gazzetted on 21st May, 2025 through gazette notice number Vol. CXXVII – 98.

Risk management

The management of NG-CDF Msambweni has always put in place measures to identify possible risk areas through a consultative engagement with various stakeholders and all risk mitigation factors have been put in place. In this regard the management has complied with NG-CDF Act 2022 as amended in 2023, PPRA regulations, PFM Act 2012, Board circulars, presidential directives and any other law regarding its operations

Conflict of Interest

During every meeting the management has always reminded committee members to declare any conflict of interest before the meeting starts and none of the members declared interest on any matters discussed during the year ended 30th June 2025.

7. Management Discussion and Analysis

ALLOCATIONS FROM FY 2020.

FINANCIAL YEAR	ALLOCATION IN KSHS.
2020-2021	137,337,879.31
2021-2022	137,088,879
2022-2023	138,215,033
2023-2024	166,593,720
2024-2025	170,469,856.74

Sectorial allocation over the period as per the approved code list and section 24 of the act, the highest beneficiary being education sector through bursary and schools infrastructural development. The table below shows how the fund was distributed.

ALLOCATIONS PER SECTOR

SECTOR	ALLOCATION	PERCENTAGE
Admin	44,982,322	6%
Monitoring and Evaluation	22,491,161	3%
Emergency	37,485,268	5%
Sports	14,994,107	2%
Bursary	262,396,878	35%
Security	37,485,268	5%
Education Projects	314,876,255	42%
Climate Change Mitigation/Environment	14,994,107	2%

During the financial year, the NGCDFC was allocated Kshs. 170,469,856 by the NGCDF Board. Out of this amount, Kshs. 128,000,000 was disbursed by close of the financial year. In addition, funds relating to the previous financial year totalling Kshs. 53,208,692 were disbursed to the constituency during the financial year. With an opening balance of Kshs. 19,117,407, the constituency had an overall budget of Kshs. 200,326,099 and spent Kshs. 144,349,407 therefore realizing a budget utilization difference of Kshs. 55,976,692.

During the financial year, Msambweni has achieved a lot in the education sector whereby new classrooms, administration blocks, toilets etc were constructed. Also the constituency issued bursary to more than eleven thousand needy students in the constituency.

The challenges we face in our constituency is that the allocation we get from the board is not adequate to cater for all the ward proposals captured during public participation exercise. Also the bursary fund does not fully quench the needy student's thirst, thereby leading to some of vulnerable students dropping out of school. This also leads to some development projects being left out or joining the waiting list.

Due to the budget constraints, the NGDFC works closely with the private sector in making sure that they fund those projects that were not successful. For example the CDAC (Community Development Agreement Committee) under our mining company base titanium has funded scholarships for a good number of vulnerable students and also implemented various development projects in learning institutions e.g. construction of classrooms, dormitories, perimeter walls administration blocks etc.



.....
Name
Fund Account Manager

8. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

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

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

2. Environmental performance

During the financial year 2024-2025 we managed to plant 2250 tree seedlings in fifteen different school's compounds and subsequently constructed gutters in newly constructed classrooms as per the water needs of the area.

Employee welfare

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

3. Marketplace practices-

Msambweni Constituency is committed to fair and ethical market practices.

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

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

NGCDF has put in efforts to ensure:

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

4. Community Engagements-

Msambweni 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

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

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

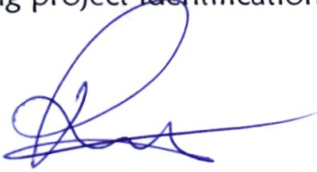
Public participation is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

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

Public Awareness

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

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



.....
Name
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-Msambweni 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.

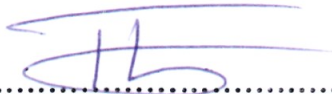
The Accounting Officer in charge of the NGCDF-Msambweni Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting 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- Msambweni Constituency further confirms the completeness of the accounting records maintained for the constituency, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF Msambweni 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.

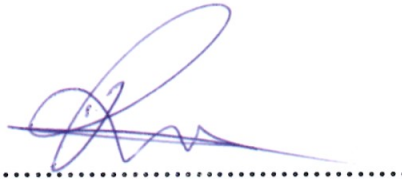
In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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



.....
Name: Thabiti Mohamed Mchambi
Chairman – NGCDF Committee



.....
Name: Brian Nyika Ngaluma
Fund Account Manager

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MSAMBWENI 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 - Msambweni Constituency set out on pages 1 to 66, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Msambweni Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis including the transitional provisions permitted under IPSAS 33 and comply with the National Government Constituencies Development Fund Act 2015 (Amended 2023), 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. Inaccurate Cash and Cash Equivalents Balance

The statement of financial position reflects opening cash and cash equivalents balance of Kshs.86,147,734 as disclosed in Note 19 to the financial statements. Included in this balance is Kshs.65,534,807 in respect of Project Management Committee's (PMC) bank account balances which differs with the prior year audited balance of Kshs.52,304,523 resulting in an unexplained variance of Kshs.13,230,284.

In the circumstances, the accuracy and completeness of the opening cash and cash equivalents balance of Kshs.86,147,734 could not be confirmed.

2. Inaccurate Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects actual revenue on comparable basis of Kshs.267,356,426 in respect of transfers from the NG-CDF Board which differs with the actual amount of Kshs.181,208,692 reflected in the statement of cashflows. The resulting variance of Kshs.86,147,734 was not explained.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed.

3. Unsupported Opening Balance Adjustments

The statement of changes in net assets reflects adjustments to recognize assets amounting to Kshs.113,903,314. However, the amount was not supported by a listing and supporting documents to ascertain the accuracy and completeness of the balance. In addition, the entity failed to recognize Kshs.1,495,519 and Kshs.4,840,186 in respect of gratuity and third-party deposits as liabilities at the beginning of the period.

In the circumstances, the accuracy and completeness of opening balance of net assets of Kshs.133,020,720 could not be confirmed.

4. Unsupported Project Management Committee (PMC) Bank Balances

The statement of financial position reflects cash and cash equivalents balances of Kshs.99,374,528 as disclosed in Note 19 to the financial statements. Included in this balance is Kshs.41,303,336 held in various Project Management Committee (PMC) bank accounts. However, the balances were not supported by cash books, bank reconciliation statements and certificate of bank balances.

In the circumstances, the accuracy and completeness of PMC's bank balance of Kshs.41,303,336 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 - Msambweni Constituency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amounts on comparable basis of Kshs.309,826,282 and Kshs.267,356,426 respectively, resulting in under-realization of Kshs.42,469,856 or 14% of the budgeted revenue. Similarly, the Management spent Kshs.167,981,897 against actual receipts of Kshs.267,356,426 resulting in under-utilization by Kshs.99,374,529 or 37% of the actual receipts.

The under-funding and under-absorption affected implementation of planned activities and impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and

Governance. Review of the status during audit of the Fund in 2024/2025 revealed that the following five (5) issues remained unresolved:

No.	Financial Year	Audit Issue
1.	2023/2024	Unsupported Cash and cash equivalents
2.	2023/2024	Unsupported project Management committee bank balances
3.	2023/2024	Unsupported expenditure on social security programmes
4.	2023/2024	Construction of classrooms at Vingujiri Secondary school
5.	2023/2024	Construction of science laboratory at Jomo Kenyatta primary and Junior secondary school

Other Information

Management is responsible for the Other Information set out on page iii to xxxi which comprise of Key Constituency Information and Management, National Government Constituencies Development Fund - Msambweni Constituency Chairman's Report, Statement of Performance Against Predetermined Objectives, Governance Statement, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy

Review of documents provided revealed that the Fund did not have a risk management policy in place to help in identifying, assessing, and mitigating risks to safeguard the achievement of strategic objectives, thus exposing the Fund to ineffective risk management contrary to regulation 165(1) of the Public Finance Management Regulations, 2015 requires that accounting officers shall ensure entity to develop risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of the Fund's risk management and governance could not be confirmed.

2. Non-Compliance with the Data Protection Act, 2019

The Fund processes its operational and financial transactions that captures parents and students' personal information, such as names, phone numbers, addresses, and other personal data. However, the Fund did not provide evidence that it had complied with the Data Protection Act which require the Fund to be registered with the Data Commissioner as a data controller or data processor. Further, the Fund did not have a designated Data Protection Officer to support compliance with data protection requirements, thereby increasing the risk to which the Fund is exposed in the handling of personal data. However, no certificate of registration with Data Commissioner was provided for audit confirmation as required under Section 18 (1) of the Data Protection Act, 2019 which states subject to sub section 2 no person shall act as the data controller or data processor unless registered with the office of the Data Protection Commissioner.

In the circumstances, the effectiveness of internal controls on data protection could not be confirmed.

3. Lack of Information Technology Policy

The Management of the Fund highlighted major weaknesses in the Organization's Information Technology (IT) controls revealing gaps that pose operational and security risks. The Fund has no internal IT department responsible for overseeing the management and security of its systems nor does it have a strategic IT steering committee to guide and align technology initiatives with organizational goals.

Additionally, the Fund lacks an offsite or external data backup mechanism leaving it highly vulnerable to data loss in the event of cyber-attacks, system failures or natural disasters. These shortcomings are compounded by the absence of a formal Information Technology Policy which results in unstandardized procedures and exposes the organization to significant security and operational vulnerabilities.

In the circumstances, effectiveness of the Fund's operational controls and data management processes 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 the Management Committee

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

*National Government Constituencies Development Fund (NGCDF)
Msambweni 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	170,469,856
Grants/donations from other entities	7	-
Revenue from exchange transactions		
Finance income	8	-
Miscellaneous income	9	-
Total revenue		170,469,856
Expenses		
Employee costs	10	5,077,443
Committee expenses	11	4,269,500
Use of Goods and Services	12	4,882,575
Other Government Units Actual expenditure	13	75,269,530
Other Grants and Transfers Actual expenditure	14	75,687,818
Depreciation and amortization expense	15	-
Digital Hubs Actual expenditure	16	-
Total expenses		165,186,865
Other gains/(losses)		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
Surplus/(Deficit) for the year		5,282,991

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



Chairman NG-CDF
Committee
Name: Thabiti Mohamed
Mchambi



National Sub-County
Accountant
Name: Abdalla Swaleh
Mohamed
ICPAK M/No:16197



Fund Account Manager
Name: Brian Nyika Ngaluma

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

(Paragraph 79 of IPSAS 33 allows for the election by an MDA to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position, and an opening statement of financial position at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made; therefore, there are no comparatives in the first year of transition.)

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

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

	Note	Period as at June 2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	19	99,374,528	86,147,734
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	42,469,856	53,208,692
Prepayments	22	-	-
Total Current Assets		141,844,384	139,356,426
Non-Current Assets			
Property, Plant and Equipment	23	-	-
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
Total Non- Current Assets		-	-
Total Assets (A)		141,844,384	139,356,426
Liabilities			
Current Liabilities			
Trade and Other Payables	26	-	-
Third-Party Deposits	27	1,446,173	4,840,186
Lease Liabilities	28	-	-
Gratuity provision	29	2,094,500	1,495,519
Total Current Liabilities		3,540,673	6,335,705
Non-Current Liabilities			
Lease Liabilities	28	-	-
Total Liabilities (B)		3,540,673	6,335,705
Net Assets (A-B)		138,303,711	133,020,721
Represented by:			
Revaluation Reserves		138,303,711	133,020,720
Accumulated Surplus			

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

Total Net Assets		138,303,711	133,020,720
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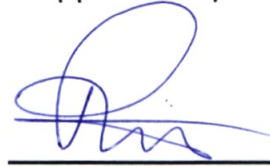
The Constituency financial statements set out on pages 1 to 23 approved by NG CDFC on _____ 2025 and signed by:



Chairman NG-CDF
Committee
Name: Thabiti Mohamed
Mchambi



National Sub-County
Accountant
Name: Abdalla Swaleh
Mohamed
ICPAK M/No: 16197



Fund Account Manager
Name: Brian Nyika Ngaluma

National Government Constituencies Development Fund (NGCDF)
Msambweni 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	Accumulated		Total
	surplus/Deficit		
	Kshs	Kshs	Kshs
As at 30 th June 2024 (cash basis)	19,117,406		19,117,406
Adjustments: (to recognize assets and liabilities)			-
Add Assets	113,903,314		113,903,314
Less Liabilities	-		-
As at July 1, 2024	133,020,720		133,020,720
Surplus/(Deficit) For the Period	5,282,991		5,282,991
Revaluation Gain/Loss	-	-	-
As at 30th June 2025	138,303,711	-	138,303,711

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

National Government Constituencies Development Fund (NGCDF)
Msambweni 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		181,208,692
Grants/donations from other entities		-
Finance income		-
Miscellaneous income		-
Total Receipts		181,208,692
Payments		
Employee costs		4,478,462
Committee expenses		4,269,500
Use of Goods and Services		4,882,575
Other Government Units Certified Works		78,703,728
Other Grants and Transfers		75,647,633
Digital Hubs Expenses		-
Total Payments		167,981,897
Net Cash Flows from/ (used in) Operating Activities	30	13,226,795
Cash flows From Investing Activities		
Purchase of PPE		-
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
Net Cash Flows from Investing Activities		-
Net increase/(decrease) in cash & Cash equivalents		13,226,795
Cash Flows from Financing Activities		
Lease payment		-
Net Cash Flows from Financing Activities		13,226,795
Cash and cash equivalents at Period Start	19	86,147,733
Cash and cash equivalents at Period End	19	99,374,528

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

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

National Government Constituencies Development Fund (NGCDF)
Msambweni 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 Kshs	Adjustments Kshs		Final Budget Kshs	Actual on comparable basis Kshs	Budget utilization difference Kshs	% of Utilization
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024-2025	Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding disbursements	2024-2025	2024-2025		
Revenue							
Transfers From the NGCDF Board	170,469,856	86,147,734	53,208,692	309,826,282	267,356,426	42,469,856	86%
Grants/donations from other entities	-	-	-	-	-	-	
Finance income	-	-	-	-	-	-	
Miscellaneous income	-	-	-	-	-	-	
Totals	170,469,856	86,147,734	53,208,692	309,826,282	267,356,426	42,469,856	86%
Expenses							
Employee costs	5,342,783	2,833,036	-	8,175,819	4,478,462	3,697,357	55%

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

Committee expenses	4,911,000	49,200	-	4,960,200	4,269,500	690,700	86%
Use of Goods and Services	5,088,504	19,304		5,107,808	4,882,575	225,233	96%
Other Government Units Certified Works	35,000,000	61,336,611	45,095,000	141,431,611	78,703,728	62,727,884	56%
Other Grants and Transfers	76,533,346	21,087,593	1,800,000	99,420,939	75,647,633	23,773,306	76%
Digital Hubs Expenses	5,000,000	-	-	5,000,000	-	5,000,000	0%
Other Projects	38,594,223	413,488		39,007,711		39,007,711	0%
Funds Pending Approval**	-	408,501	6,313,692	6,722,193	-	6,722,193	0%
Total Expenditure	170,469,856	86,147,733	53,208,692	309,826,281	167,981,897	141,844,384	54%

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

Explanatory Notes.

- Compensation of employees at 55%; the utilization difference are funds set aside for payment of staff salaries and gratuity when their contracts expire.
- Transfer to other government units of 56%: This was as a result of untimely disbursements of funds and A.I.Es from the NGCDF Board.
- Other grants & transfers 76%: This was as a result of untimely disbursement of funds and A.I.Es from the Board.
- Digital Hubs Expenses 0%: This was as a result of untimely disbursement of funds and A.I.Es from the Board.
- Other Projects 76%: This was as a result of untimely disbursement of funds and A.I.Es from the Board.
- Funds pending approval of 0 %: These are funds for projects that have not been approved by the NGCDF Board and funds received from sell of tender documents during the previous financial years which cannot be utilized without approval from the Board.

National Government Constituencies Development Fund (NGCDF)
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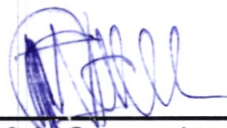
Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	141,844,384
Less undisbursed funds receivable from the Board as at period 30th , 2025	42,469,856
Cash and Cash Equivalents at the end of the 30th June, 2025	99,374,528

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



Fund Account Manager

Name: Brian Nyika Ngaluma



National Sub-County Accountant

Name: Abdalla Swaleh Mohamed
ICPAK M/No: 16197



Chairman NG-CDF Committee

Name: Thabiti Mohamed Mchambi

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (operational, deposit and PMCs C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	5,342,783	2,833,036		8,175,819	4,478,462	3,697,357
1.2 Committee allowances	1,248,000	49,200		1,297,200	628,000	669,200
1.3 Use of goods and services	3,230,408	6,193		3,236,601	3,012,405	224,196
Sub-total	9,821,191	2,888,429	-	12,709,620	8,118,867	4,590,753
2.0 Monitoring and evaluation						
2.1 Capacity building	1,858,096	12,900		1,870,996	1,870,170	826
2.2 Committee allowances	3,643,000	-		3,643,000	3,641,500	1,500
2.3 Use of goods and services	20,000	211		20,211		20,211
Sub-total	5,521,096	13,111	-	5,534,207	5,511,670	22,537
4.0 Emergency						
Ramisi Primary School	1,400,000			1,400,000	-	1,400,000
Msambweni Primary School	1,972,097			1,972,097		1,972,097
Kidzumbani Primary School	2,100,000			2,100,000	1,915,299	184,701
Galun Primary School	3,500,000			3,500,000		3,500,000
				-		-

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Sub-total	8,972,097	-	-	8,972,097	1,915,299	7,056,798
5.0 Bursary and Social Security				-		-
5.1 Primary Schools				-		-
5.2 Secondary Schools	43,664,449	568,844		44,233,293	43,575,000	658,293
5.3 Tertiary Institutions	16,000,000	13,703,496		29,703,496	18,794,600	10,908,896
5.4 special needs				-		-
5.5 Education Support Programmes				-	-	-
5.6 Social Security		1,800,000	1,800,000	3,600,000		3,600,000
Sub-total	59,664,449	16,072,340	1,800,000	77,536,789	62,369,600	15,167,189
7.0 Environment				-		-
kilole primary school	393,120			393,120	386,342	6,778
ramisi primary school	393,120			393,120	386,342	6,778
shirazi primary school	393,120			393,120	386,342	6,778
marigiza primary school	393,120			393,120	386,342	6,778
duncan ndegwa primary school	393,120			393,120	386,342	6,778
eshu primary school	393,120			393,120	386,342	6,778
ganja la simba primary school	393,120			393,120	386,342	6,778
muhaka primary school	393,120			393,120	386,342	6,778
mkwambani primary school	393,120			393,120	386,342	6,778
majikuko primary school	393,120			393,120	386,292	6,828
bremmer primary school	393,120			393,120	387,229	5,891
malalani primary school	393,120	208,000		601,120	590,756	10,364
mwamanga primary school	393,120	208,000		601,120	594,342	6,778
mivumoni primary school	393,120	208,000		601,120	594,342	6,778
mwaloya primary school	393,120			393,120	386,342	6,778
Kiranga secondary school		208,000		208,000	204,414	3,586
Makongeni Primary School		208,000		208,000	208,000	-
Mivumoni Secandary School		312,000		312,000	306,621	5,379

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Nngori Primary School		208,000		208,000	208,000	-
Bodo Primary School		208,000		208,000	204,414	3,586
Mabokoni Primary School		208,000		208,000	208,000	-
Dori Girls Secondary School		208,000		208,000	204,414	3,586
vukani primary school		818,700		818,700	778,515	40,185
mvindeni primary school			208,000	208,000	208,000	-
msambweni Secondary school			208,000	208,000	208,000	-
gombato secondary school			208,000	208,000	208,000	-
Sub-total	5,896,800	3,002,700	624,000	9,523,500	9,362,759	160,741
8.0 Primary Schools Projects				-		-
Gazi Junior Secondary School	6,000,000			6,000,000		6,000,000
Mvindeni Junior Secondary School	6,000,000			6,000,000		6,000,000
Mafisini Junior Secondary School	6,000,000			6,000,000		6,000,000
Ganja la Simba Primary School	1,400,000			1,400,000		1,400,000
Kingwede Primary School	1,500,000			1,500,000		1,500,000
Nganja Primary School	1,100,000			1,100,000		1,100,000
Nngori Primary School		77,017		77,017	75,000	2,017
Shamu Primary School		2,119		2,119	-	2,119
Mvindeni Primary School		182,512		182,512	98,000	84,512
Eshu Primary School		73,437		73,437	73,200	237
Duncan Ndegwa Primary School		103,702		103,702	103,500	202
Marigiza Primary School		279		279	-	279
Maphombe Primary School		61,309		61,309	61,100	209
Mchinjirini Primary School		2,800,099		2,800,099	2,797,558	2,541
Kinondo Primary School		75		75	-	75
Ganja la Simba Primary School		126		126	-	126
Ramisi Primary School		1,471		1,471	-	1,471
Masindeni Primary School		1,774		1,774	-	1,774

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Madongoni Primary School		375		375	-	375
Mwaroni Primary School		51		51	-	51
Kilole Primary School		375	1,800,000	1,800,375	1,757,848	42,527
Magaoni Primary School		137,696		137,696	-	137,696
Msambweni Primary School		16,899		16,899	-	16,899
Munje Primary School		1,800,030		1,800,030	1,800,000	30
Magutu Primary School		39,437		39,437	39,300	137
Mwakigwena Primary School		243,029		243,029	243,000	29
Vingujini Primary School		-		-	-	-
Vukani Primary School		202,630		202,630	97,750	104,880
Mbuwani Primary School		599		599	-	599
Mabatani Primary School		10,277		10,277	-	10,277
Shirazi Primary School		127,478		127,478	127,400	78
Fahamuni Primary School		41		41	-	41
Malalani Primary School	1,500,000	4,055,320	500,000	6,055,320	4,311,350	1,743,970
Gazi Primary School		220,413		220,413	220,412	1
Mwamanga Primary School		275		275	-	275
Madago Primary School		135		135	-	135
Bodo Primary School	1,500,000	4,000,975	500,000	6,000,975	4,175,153	1,825,822
Mkwakwani Primary School		484,855		484,855	463,518	21,337
Jomokenyatta Primary School	1,500,000	4,000,000	500,000	6,000,000	4,499,450	1,500,550
Kidzumbani Primary School		4,132		4,132	-	4,132
Milalani Primary School		405		405	-	405
Mivumoni Primary School		3,893		3,893	-	3,893
Mabokoni Primary School		12,029	1,000,000	1,012,029	910,620	101,409
Kingwede Primary School		28,944		28,944	28,700	244
Makongeni Primary School	1,500,000	4,000,091	500,000	6,000,091	4,500,025	1,500,066
Antorita Primary School		4,147		4,147	-	4,147

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Mkwambani Primary School		26,364		26,364	12,500	13,864
Nganja Primary School		317,394		317,394	213,851	103,543
Mwabungo Primary School		-		-	-	-
Majikuko Primary School		5,048		5,048	-	5,048
Mwachande Primary School		1,400		1,400	-	1,400
Mwamambi Primary School		1,800,000		1,800,000	1,730,606	69,395
Magodi Primary School		1,097,024		1,097,024	1,096,865	159
muhaka primary School		1,500,000	1,243,692	2,743,692	2,614,319	129,374
magutu junior secondary school	1,500,000	4,060,578		5,560,578	224,378	5,336,200
milalani junior secondary school	1,500,000	4,060,578		5,560,578	3,905,372	1,655,206
Maphombe Primary School		-	2,400,000	2,400,000	1,328,028	1,071,972
Muhaka Islamic Primary School		-	1,800,000	1,800,000	1,668,652	131,348
Kilulu Primary School		-	2,800,000	2,800,000	197,127	2,602,873
Zigira Primary School		-	2,400,000	2,400,000	2,185,055	214,946
Mwaloya Primary School		175		175	-	175
mkwakwani junior secondary school	1,500,000	4,000,000	500,000	6,000,000	4,309,639	1,690,361
Fihoni Primary School		2,800,000		2,800,000	2,797,702	2,298
Galu Primary School		2,400,820		2,400,820	2,382,597	18,223
mwaroni junior secondary school	1,500,000	5,860,578		7,360,578	5,772,725	1,587,853
Vingujini Primary School		-	2,000,000	2,000,000	1,739,254	260,746
Sub-total	34,000,000	50,628,410	17,943,692	102,572,102	58,561,553	44,010,549
9.0 Secondary Schools Projects (List all the Projects)				-		-
Dori Girls Secondary School		171,076		171,076	-	171,076
Gombato Secondary School		105		105	-	105
Bongwe Secondary School		7,753		7,753	-	7,753
Ramisi Secondary School		1,169,661		1,169,661	1,169,379	282
Madago Secondary School		23,923		23,923	-	23,923

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Mvindenii Secondary School		19		19	-	19
Msambweni Secondary School		113,872		113,872	113,500	372
Vingujini Secondary School		1,250,349		1,250,349	798,382	451,967
Kiranga Secondary School		4,709,076		4,709,076	4,500,000	209,076
Mivumoni Secondary School		23,194		23,194	-	23,194
Kingwede Secondary School		48,464		48,464	-	48,464
Muhaka Secondary School		49,280	2,900,000	2,949,280	2,290,854	658,426
Mkwakwani Secondary School		5,087		5,087	-	5,087
babla diani secondary school		191,635		191,635	191,375	260
Kinondo Secondary School		-	4,500,000	4,500,000	3,120,204	1,379,796
Sub-total	-	7,763,494	7,400,000	15,163,494	12,183,694	2,979,800
10.0 Tertiary institutions Projects (List all the Projects)				-		-
Msambweni Technical & Vocational College		216		216		216
Msambweni Youth Opportunity Centre	1,000,000	2,944,492	14,095,000	18,039,492	7,958,481	10,081,011
Sub-total	1,000,000	2,944,708	14,095,000	18,039,708	7,958,481	10,081,227
11.0 Security Projects				-		-
Bongwe Sub Location Assistant Chief's Office		3,624		3,624	-	3,624
Gombato Sub Location Assistant Chief's Office		115		115		115
Kingwede Sub Location Assistant Chief's Office		41		41	-	41
Vingujini Chiefs Office		775		775	-	775
Assistant County Commissioner's Office- Msambweni		25		25	-	25
Assistant County Commissioner's Diani		7,973		7,973	-	7,973

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Msambweni Police Station		2,000,000		2,000,000	1,999,975	25
eshu sub-location chief's office	1,000,000			1,000,000		1,000,000
shirazi sub-location chief's office	1,000,000			1,000,000		1,000,000
Sub-total	2,000,000	2,012,553	-	4,012,553	1,999,975	2,012,578
12.0 Acquisition of assets				-		-
12.1 Motor Vehicles (including motorbikes)			-	-		-
12.2 Purchase of furniture and fittings				-		-
12.2 Construction of CDF office				-		-
Sub-total	-	-	-	-	-	-
13.0 Others				-		-
msambweni huduma centre	25,000,000	-		25,000,000		25,000,000
msambweni electricity connection project	13,594,223	-		13,594,223		13,594,223
bomani ict hub	5,000,000			5,000,000		5,000,000
regional sports tournament		411,846		411,846		411,846
Constituency Office		99		99		99
Sports		1,544	-	1,544		1,544
Sub-total	43,594,223	413,489	-	44,007,712	-	44,007,712
Funds pending approval**				-		-
unapproved projects		-	11,346,000	11,346,000		11,346,000
AIA	-	408,501		408,501		408,501
Sub-total	-	408,501	11,346,000	11,754,501	-	11,754,501
Total	170,469,856	86,147,734	53,208,692	309,826,282	167,981,897	141,844,385

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

17. Notes to the Financial Statements

1. General information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NG-CDF Act 2015 (amended 2023). The NG-CDF is wholly owned by the Government of Kenya and is domiciled in Kenya.

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 PFM Act, and International Public Sector Accounting Standards (IPSAS). The NG-CDF Msambweni has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach; therefore, this is the 1st transitional financial statements.

(The NG-CDF Msambweni has recognized all financial Assets which includes cash and cash equivalent for operational account, deposit account and PMC balances, Receivables (Amounts due from the Board and others), Prepayments, property, plant and Equipment(PPE) and intangible assets acquired during the F/Y 2023/2024 up to the reporting date. Liabilities recognized includes 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 transition period after the necessary identification and valuation processes have been done and completed.

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

3. Adoption of New and Revised Standards

(When an IPSAS becomes effective on 1st January 2025, it is applicable in Kenya from 1st July 2025)

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p>This IPSAS is Not applicable at the Constituency this financial year.</p>

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>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.</p> <p>This IPSAS is Not applicable at the Constituency this financial year.</p>
<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 recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>Applicable effective 1st July 2025</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.

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	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Applicable effective 1st July 2025</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Applicable effective 1st July 2026</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>Not applicable at the constituency</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>Not applicable at the constituency</p>
IPSAS 50:	<p>Applicable 1st January 2027</p>

Exploration For & Evaluation of Mineral Resources	<p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>Not applicable at the constituency</p>
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iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

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

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

c) Property, plant and equipment

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

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the 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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

g) Inventories

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

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

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

the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

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

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

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

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

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Related parties

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

o) Cash and Cash Equivalents

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

p) Comparative figures

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

q) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates, and assumptions that affect the reported amounts 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
NGCDFB Transfers (Allocation for the FY)	170,469,856
TOTAL	170,469,856

7. Transfers from domestic and foreign partners

Description	2025
	Kshs
Grants	-
Total	-

8. Finance income

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

(Provide a brief explanation for this revenue)

9. Miscellaneous income

Description	Period ended June 2025
	Kshs
Rental Income	-
Income from sale of tenders	-
Hire of plant/equipment/facilities	-
Other Income Not Classified Elsewhere (specify)	-
Total	-

10. Employees cost

Description	Period ended June 2025
	Kshs
NG-CDFC Basic staff salaries	2,328,788
Personal allowances paid as part of salary	-
House Allowance	524,500
Transport Allowance	524,500
Extraneous Duty allowance	91,000
Gratuity to contractual employees	837,433
Employer Contributions Compulsory national social security schemes	423,480
Employer Contributions Compulsory Housing levy	115,246
Employer contributions to National Industrial Training Authority	9,250
Other Specify - SHIF	103,246
Casual labour and Internship	120,000
Total	5,077,443

11. Committee Expenses

Description	Kshs
Period ended June 2025	
Sitting allowance	628,000
Other Committee expenses	3,641,500
Total	4,269,500

12. Use of Goods and services

Description	Period ended June 2025
	Kshs
Utilities, supplies and services	60,335
Communication, supplies and services	195,350
Domestic travel and subsistence	955,800
Sanitary, Cleaning materials	68,000
Office Rent	-
Training expenses	779,000
Hospitality supplies and services	73,820
Insurance costs	-
Specialized materials and services	-
Office and general supplies and services	554,810
Fuel, oil & lubricants	1,086,510
Bank Charges	120,480
Routine maintenance – vehicles and other transport equipment	511,500
Routine maintenance – other assets	135,370
Strategic plan expenses	-
Accessories for computers, printers	341,600
Total	4,882,575

13. Other Government Units Actual expenditure

Description	Period ended June 2025
	Kshs
Primary Schools Actual expenditure	57,625,184
Secondary Schools Actual Expenditure	12,222,700
Tertiary Institutions Actual Expenditure	5,421,646
Total	75,269,530

National Government Constituencies Development Fund (NGCDF)
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14. Other Grants and transfers Actual expenditure

Description	Period ended June 2025
	Kshs
Bursary – secondary schools	43,575,000
Bursary – tertiary institutions	18,794,600
Bursary – special schools	-
Bursary - Education Support programs	-
Social Security programs (SHIF)	-
Security projects Actual Expenditure	1,999,975
Climate change mitigation projects	9,402,944
Emergency projects Actual Expenditure	1,915,299
Roads projects	-
Others specify	-
Total	75,687,818

15. Depreciation and Amortization Expenses

Description	Period ended June 2025
	Kshs
Property Plant and Equipment	-
Intangible Assets	-
Total	-

16. Digital Hubs Expenses

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

*National Government Constituencies Development Fund (NGCDF)
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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 Asset	-

18. Impairment Loss

Description	Period ended June 2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Total Impairment Loss	-

19. Cash and Cash Equivalents

Name Of Bank and Account No.	Period ended June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
Cooperative Bank, Account No. 01120043594500(Operations account)	55,976,692	19,117,406.59
Equity Bank, account No. 0440285222626 (Deposit account)	2,094,500	1,495,519.00
Cooperative Bank, Equity Bank, Family Bank (PMC's accounts)	41,303,336	65,534,807
Total	99,374,528	86,147,733
Cash Balances		
Location 1	-	
Location 2	-	
Total	-	

(A schedule of all reconciled PMC bank balances as at the end of the period is annexed)

20. Receivables from Exchange Transactions

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

i. Ageing Analysis for Receivables

Description	Insert 2024-2025		Opening Statement 1st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

*National Government Constituencies Development Fund (NGCDF)
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21. Receivables from Non-Exchange Transactions

Description	Period ended June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Transfers from NGCDFB	42,469,856	53,208,692.00
Outstanding imprest	-	-
Total	42,469,856	53,208,692

Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	42,469,856	100%	53,208,692	100%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	42,469,856	100%	53,208,692	100%

22. Prepayments

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

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23. a. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings & ICT Equip	work in progress	Service concession assets	Total
	Kshs	10% Kshs	25.00% Kshs	20% Kshs	12.50% Kshs	30.00% Kshs	Kshs	Kshs
Depreciation Rate								
Cost								
Opening Bal as 1 st July 2024	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As At xx Sep/Dec/Mar/Jun 20xx	-	-	-	-	-	-	-	-
Depreciation And Impairment								
Opening bal accumulated depreciation 1st July 2024	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At June 2025	-	-	-	-	-	-	-	-
Net Book Values								
Opening Bal as at 1 st July 2024	-	-	-	-	-	-	-	-
As At xx, 20xx	-	-	-	-	-	-	-	-

National Government Constituencies Development Fund (NGCDF)
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Valuation

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

23 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	-	-

National Government Constituencies Development Fund (NGCDF)
Msambweni Constituency
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24. Intangible Assets

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

25. Right-of use assets

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

26. Trade and Other Payables

Description	Period ended June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Trade payables	-	-
Employee payables	2,094,500	1,495,519
Other payables	-	-
Total trade and other payables	2,094,500	1,495,519

Aging analysis: (Trade and other payables)	2024-2025	% of the Total	1st July 2024	% of the Total
Under one year	-	%	-	%
1-2 years	2,094,500	100%	1,495,519	100%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	2,094,500		1,495,519	

27. Third-Party deposits

	Period ended June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Retention as at start of the period (A)	4,840,186	4,840,186.00
Retention held during the period (B)	2,303,630	-
Retention paid during the period (C)	5,697,643	-
Closing Retention as at period xx, D= A+B-C	1,446,173	4,840,186

Retentions aging analysis.

	Insert Current FY	% of the total	Insert Comparative FY	% of the total
Less than 1 year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

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

28. Lease Liabilities

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

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
	Kshs	1st July 2024 Kshs
Gratuity at the beginning of the period (A)	1,495,519	1,495,519
Gratuity held during the period (B)	837,433	-
Gratuity paid during the period (C)	238,452	-
Total Gratuity provision as at period 2025 D=(A+B-C)	2,094,500.00	1,495,519

30. Cash Generated from Operations

	Period ended June 2025
	Kshs
Surplus for the period before tax	5,282,991
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Changes in inventory	-
Changes in receivables	(10,738,836)
Changes in deferred income	-
Changes in Third party deposits	3,394,013
Changes in gratuity provision	(598,981)
Changes in payments received in advance	-
Net cash flow from operating activities	13,226,795

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

31. Financial Risk Management

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

i) Credit risk

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

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024-2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	42,469,856	42,469,856	-	-
Bank balances	99,374,528	99,374,528	-	-
Total	141,844,384	141,844,384	-	-
As at 30 June 2023-2024)				
Receivables from exchange transactions			-	-
Receivables from non-exchange transactions	53,208,692	53,208,692	-	-
Bank balances	86,147,734	86,147,734	-	-
Total	139,356,426	139,356,426	-	-

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

Financial Risk Management

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

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	-	-	-	-
Current proportion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	2,094,500	2,094,500
Total	-	-	2,094,500	2,094,500
As at 30th June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	1,495,519	1,495,519

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Total	-	-	1,495,519	1,495,519

iii) Market risk

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing 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 no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Financial Risk Management

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

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

b) Interest rate risk

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

Management of interest rate risk

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

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

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	2024 - 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Revaluation Reserve	138,303,711	133,020,720
Retained Earnings	-	-
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	(99,374,529)	(86,147,734)
Net Debt/(Excess Cash And Cash Equivalents)	38,929,182	46,872,986
Gearing	0%	0%

32. Related Party Disclosures

	2024 - 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	4,269,500	3,695,400
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	181,208,692	190,876,794
Total	181,208,692	190,876,794

33. Segment Information

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

34. Contingent Assets and Contingent Liabilities

Contingent Assets

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

(Give details)

Contingent Liabilities

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

35. Capital Commitments

Capital Commitments	Insert Current FY	Opening Statement 1 st July 20xx
	Kshs	Kshs
Authorized for	0	0
Authorized and Contracted for	0	0
Total	0	0

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

36. Events after the Reporting Period

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

37. Ultimate And Holding Entity

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

38. Currency

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

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18. Annexes
 Annex 1: Summary of Asset Register

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land	1,500,000	-	-	1,500,000
Buildings and structures	8,990,000	-	-	8,990,000
Transport equipment	3,250,000	-	-	3,250,000
Office equipment, furniture, and fittings	2,343,096	-	-	2,343,000
ICT Equipment and Other ICT Assets	1,113,031	-	-	1,113,031
Other Machinery and Equipment	-	-	-	-
Intangible assets	-	-	-	-
Total	17,196,127	-	-	17,196,127

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

Pmc	Bank	Account Number	2024-2025	2023-2024
Nngori Primary School	Cooperative	01141566419700	2,017	77,017
Shamu Primary School	Cooperative	01141565893200	2,119	2,119
Mvinden Primary School	Cooperative	01141838092300	84,512	182,512
Eshu Primary School	Cooperative	01141043963600	237	73,437
Duncan Ndegwa Primary School	Cooperative	01141566575100	202	103,702
Marigiza Primary School	Cooperative	01141566899500	279	279
Maphombe Primary School	Cooperative	01141566729700	209	61,309
Mchinjirini Primary School	Cooperative	01141839097500	2,541	2,800,099
Kinondo Primary School	Cooperative	01141839275200	75	75
Ganja la Simba Primary School	Cooperative	01141838086500	126	126
Ramisi Primary School	Cooperative	01141043798000	1,471	1,471
Masindeni Primary School	Cooperative	01141566730200	1,774	1,774
Madongoni Primary School	Cooperative	01141839112700	375	375
Mwaroni Primary School	Cooperative	01141566015200	51	51
Kilole Primary School	Cooperative	01141839098300	42,527	375
Magaoni Primary School	Cooperative	01141839770200	137,696	137,696
Msambweni Primary School	Cooperative	01141566595400	16,899	16,899
Munje Primary School	Cooperative	01141566731200	30	1,800,030

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Magutu Primary School	Cooperative	01141566731100	137	39,437
Mwakigwena Primary School	Cooperative	01141566795500	29	243,029
Vingujini Primary School	Cooperative	01141566432300	-	-
Vukani Primary School	Cooperative	01141566715500	145,065	202,630
Mbuwani Primary School	Cooperative	01141043976300	599	599
Mabatani Primary School	Cooperative	01141566899600	10,277	10,277
Shirazi Primary School	Cooperative	01141043797900	78	127,478
Fahamuni Primary School	Cooperative	01141043797700	41	41
Malalani Primary School	Cooperative	01141839092300	1,743,970	4,055,320
Gazi Primary School	Cooperative	01141565893100	1	220,413
Mwamanga Primary School	Cooperative	01141838996800	275	275
Madago Primary School	Cooperative	01141566719600	135	135
Bodo Primary School	Cooperative	01141839282000	1,825,822	4,000,975
Mkwakwani Primary School	Cooperative	01141839417000	21,337	484,855
Jomokenyatta Primary School	Cooperative	01141839571200	1,500,550	4,000,000
Kidzumbani Primary School	Cooperative	01141839285800	4,132	4,132
Milalani Primary School	Cooperative	01141566794800	405	405
Mivumoni Primary School	Cooperative	01141839296200	3,893	3,893
Mabokoni Primary School	Cooperative	01141566417100	101,409	12,029
Kingwede Primary School	Cooperative	01141565893300	244	28,944

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Makongeni Primary School	Cooperative	01141566618700	1,500,066	4,000,091
Antorita Primary School	Cooperative	01100085741001	4,147	4,147
Mkwambani Primary School	Cooperative	01141838243500	13,864	26,364
Nganja Primary School	Cooperative	01141566008200	103,543	317,394
Mwabungo Primary School	Cooperative	01141566123101	-	-
Majikuko Primary School	Cooperative	01100104989001	5,048	5,048
Mwachande Primary School	Cooperative	01100013191001	1,400	1,400
Mwamambi Primary School	Cooperative	01100938500001	69,395	1,800,000
Magodi Primary School	Cooperative	01141839511300	159	1,097,024
muhaka primary School	Family	091000020521	129,374	1,500,000
magutu junior secondary school	Family	091000020553	5,336,200	4,060,578
milalani junior secondary school	Family	091000020524	1,655,206	4,060,578
Maphombe Primary School	Family	091000022101	1,071,972	-
Muhaka Islamic Primary School	Family	091000020949	131,348	-
Kilulu Primary School	Family	091000022237	2,602,873	-
Zigira Primary School	Family	091000022104	214,946	-
Mwaloya Primary School	Cooperative	01100013191001	175	175
mkwakwani junior secondary school	Equity	0440285520854	1,690,361	4,000,000
Fihoni Primary School	Equity	0440285433726	2,298	2,800,000
Galu Primary School	Equity	0440278971550	18,223	2,400,820
mwaroni junior secondary school	Equity	0440285463866	1,587,853	5,860,578

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Vingujini Primary School	Equity	0440286384525	260,746	-
Dori Girls Secondary School	Cooperative	01141566319100	171,076	171,076
Gombato Secondary School	Cooperative	01141566989100	105	105
Bongwe Secondary School	Cooperative	01141565702500	7,753	7,753
Ramisi Secondary School	Cooperative	01141839497500	1,400,282	1,169,661
Madago Secondary School	Cooperative	01141565699100	23,923	23,923
Mvindeneni Secondary School	Cooperative	01141839323900	19	19
Msambweni Secondary School	Cooperative	01141566596601	372	113,872
Vingujini Secondary School	Cooperative	01141838248700	451,967	1,250,349
Kiranga Secondary School	Cooperative	01141839547100	209,076	4,709,076
Mivumoni Secondary School	Cooperative	01141839065000	23,194	23,194
Kingwede Secondary School	Cooperative	01141839570900	48,464	48,464
Muhaka Secondary School	Cooperative	01141566124600	658,426	49,280
Mkwakwani Secondary School	Cooperative	01141566935100	5,087	5,087
babla diani secondary school	Family	091000018098	260	191,635
Kinondo Secondary School	Cooperative	0440286048269	1,379,796	-
Msambweni Technical & Vocational College	Cooperative	01141839155200	216	216
Msambweni Youth Opportunity Centre	Cooperative	01141566712900	9,081,011	2,944,492
Bongwe Sub Location Assistant Chief's Office	Cooperative	01141839527200	3,624	3,624
Gombato Sub Location Assistant Chief's Office	Cooperative	01141839544100	115	115

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Kingwede Sub Location Assistant Chief's Office	Cooperative	01141839546600	41	41
Vingujini Chiefs Office	Cooperative	01141839076200	775	775
Assistant County Commissioner's Office- Msambweni	Cooperative	0114183972200	25	25
Assistant County Commissioner's Office- Diani	Cooperative	01141839699600	7,973	7,973
Msambweni Police Station	Cooperative	0440284653812	25	2,000,000
Kiranga secondary school	Cooperative	01141839547100	3,586	208,000
Makongeni Primary School	Cooperative	01141566618700	-	208,000
Mivumoni Secondary School	Cooperative	01141839065000	5,379	312,000
Nngori Primary School	Cooperative	01141566419700	-	208,000
Bodo Primary School	Cooperative	01141839282000	3,586	208,000
Mabokoni Primary School	Cooperative	01141566417100	-	208,000
Dori Girls Secondary School	Cooperative	01141566319100	3,586	208,000
bremmer primary school	Cooperative	01100013191001	5,891	
duncan ndegwa primary school	Cooperative	01141566575100	6,778	
eshu primary school	Cooperative	01100013191001	6,778	
Ganja la Simba Primary School	Cooperative	01141566595400	6,778	
Malalani Primary School	Cooperative	01141839282000	10,364	208,000
Majikuko Primary School	Cooperative	01141839547100	6,828	
Kilole Primary School	Cooperative	01141566595400	6,778	
Marigiza Primary School	Cooperative	01100013191001	6,778	

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Mivumoni Primary School	Cooperative	01100013191001	6,778	208,000
Mkwambani Primary School	Cooperative	01100013191001	6,778	
Muhaka Primary School	Cooperative	01100013191001	6,778	
Mwaloya Primary School	Cooperative	01100013191001	6,778	
Mwamanga Primary School	Cooperative	01141839282000	6,778	208,000
Ramisi Primary School	Cooperative	01141566595400	6,778	
Shirazi Primary School	Cooperative	01141043797900	6,778	
Sports	Cooperative	01141565728800	1,544	1,544
Constituency Office	Cooperative	01141565890100	99	99
Msambweni Primary School	Cooperative	01141566595400	1,972,097	-
Kidzumbani Primary School	Cooperative	01141839285800	184,701	
Galu Primary School	Equity	0440278971550	3,500,000	
Total			41,303,336	65,534,808

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Annex 3: Progress On Follow Up of Auditor Recommendations

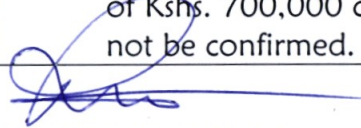
The following is a summary of issues raised by the external auditor, management comments provided to the auditor, and subsequent progress made on resolving the issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																
1	<p>Inaccuracies in the financial statements The following inaccuracies were noted in the financial statements presented for audit:</p> <p>i. The statement of receipts and payments reflects compensation of employees amount of Kshs. 5,818,543 while the supporting ledger reflects a balance of Kshs. 5,733,443 resulting in unexplained variance of Kshs. 85,100.</p> <p>ii. The statement of assets and liabilities reflects bank balances under Note 11A while the corresponding note to the financial statements</p>	<p>i. The variance of Kshs. 85,100 was an amount paid for NHIF contribution during the year that the auditor did not include in verifying the compensation of employees. The schedule provided during audit reflected:</p> <table border="1"> <tr> <td>Staff salaries</td> <td>2,191,720.00</td> </tr> <tr> <td>House Allowance</td> <td>451,500.00</td> </tr> <tr> <td>Transport Allowances</td> <td>451,500.00</td> </tr> <tr> <td>Nssf</td> <td>187,920.00</td> </tr> <tr> <td>Nhif</td> <td>85,100.00</td> </tr> <tr> <td>Staff Gratuity</td> <td>2,440,803.00</td> </tr> <tr> <td>casual Labourer</td> <td>10,000.00</td> </tr> <tr> <td>Totals</td> <td>5,818,543.00</td> </tr> </table> <p>The mix-up of numbering the items was not raised during the audit exercise but it was an oversight error and has been corrected in the financial statements.</p>	Staff salaries	2,191,720.00	House Allowance	451,500.00	Transport Allowances	451,500.00	Nssf	187,920.00	Nhif	85,100.00	Staff Gratuity	2,440,803.00	casual Labourer	10,000.00	Totals	5,818,543.00	Not Resolved	In Consultation with the Auditor while awaiting Appearance before DFAC.
Staff salaries	2,191,720.00																			
House Allowance	451,500.00																			
Transport Allowances	451,500.00																			
Nssf	187,920.00																			
Nhif	85,100.00																			
Staff Gratuity	2,440,803.00																			
casual Labourer	10,000.00																			
Totals	5,818,543.00																			

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	<p>reflects bank balances under Note 12A. Further, statement of assets and liabilities reflects fund balance brought forward under Note 14 while the corresponding note to the financial statements reflects fund balance brought forward under Note 15.</p> <p>In the circumstances, the accuracy, completeness and validity of training expenses of Kshs, 772,856 could not be confirmed.</p>			
2.	<p>Unsupported Training Expenses; The statement of receipts and payments reflects use of goods and services amounting to Kshs. 4,057,839 as disclosed in Note 6 to the financial statement. Included in this amount is Kshs. 772,856 in respect of training expenses. However, the expenditure was not supported with invitation letters, evidence of travel and attendance register for the training and the respective training programs.</p>	<p>The training programs that are organized by the NG CDF Board, are normally supported with invitation letters and sometimes, they only send text messages to the Fund Account Managers. For those invited by letters, we attached the letters and for those that were invited through text messages we provided screen shorts of the text messages and other supporting documents of the training exercise.</p>	Not Resolved	<p>In Consultation with the Auditor while awaiting Appearance before DFAC.</p>

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	In the circumstances, the accuracy, completeness and validity of training expenses of Kshs. 772,856 could not be confirmed.			
3.	<p>Unsupported Fuel, Oil and lubricants; The statements of receipts and payments reflects use of goods and services amounting to Kshs. 4,057,839 as disclosed in Note 6 to the financial statement which include fuel, oil and lubricants expenses amounting to Kshs. 900,000. However, procurement documents and valid contract for an expenditure amounting to Kshs. 700,000 were not provided for audit.</p> <p>In the circumstances, the accuracy, completeness and validity of fuel, oil and lubricants expenses of Kshs. 700,000 could not be confirmed.</p> 	<p>The purchase of Fuel, oil and lubricants was contracted to Ukunda fuel suppliers as per the pre-qualified list for the year 2022-2024</p> <p>In our audit response we attached procurement documents showing proof of the contracted supplier for the purchase of fuel, detail orders contract agreement, fuel registers and list of pre-qualified contractor for FY 2022-2024</p>	Not Resolved	In Consultation with the Auditor while awaiting Appearance before DFAC.

Name: Mr. Brian Nyika Ngaluma
Fund Account Manager.