

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

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

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

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 18 FEB 2026

DAY.

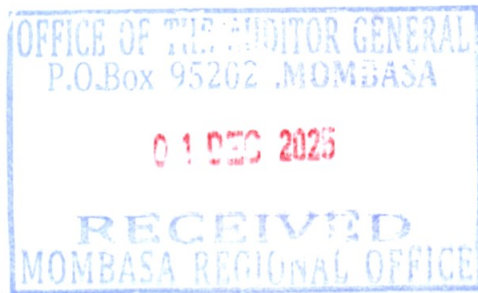
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BY:

MUBRITZ PARTI WBP
HON. SILVANUS OJURA

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TABLE:

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

MATUGA CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30th JUNE 2025

Transitional IPSAS Financial Statements

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National Government Constituencies Development Fund (NGCDF)

Matuga Constituency

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

Acronyms and Definition of Key Terms

A. Acronyms

| | |
|--------|--|
| AGPO | Access to Government Procurement Opportunities |
| AIA | Appropriation In Aid |
| AIDS | Acquired Immune Deficiency Syndrome |
| AIE | Authority to Incur Expenditure |
| AMRC | Audit Management & Risk Committee |
| BoD | Board of Directors |
| BoQ | Bill of Quantities |
| CEO | Chief Executive Officer |
| COC | Constituency Oversight Committee |
| CSR | Corporate Social Responsibility |
| DCC | Deputy County Commissioner |
| FAM | Fund Account Manager |
| FBO | Faith-Based Organization |
| FY | Financial Year |
| HIV | Human Immunodeficiency Virus |
| HQ | Headquarters |
| ICT | Information and Communication Technology |
| IPSAS | International Public Sector Accounting Standards |
| M&E | Monitoring and Evaluation |
| MDA | Ministries, Departments, and Agencies |
| MIS | Management Information System |
| MTP | Medium Term Plan |
| NGCDF | National Government Constituencies Development Fund |
| NGCDFB | National Government Constituencies Development Fund Board |
| NGCDFC | National Government Constituency Development Fund Committee |
| NASC | National Assembly Select Committee on NG-CDF |
| NGO | Non-Governmental Organization |
| OAG | Office of Auditor General |
| OSHA | Occupation Safety & Health Act |
| PAS | Performance Appraisal System |
| PC | Performance Contract |
| PFMA | Public Finance Management Act |
| PESTEL | Political, Economic, Social, Technological, Environmental, and Legal |
| PMC | Projects Management Committee |
| PLWD | Person with Disability |
| QMS | Quality Management System |
| RC | Regional Coordinator |
| SDG | Sustainable Development Goals |
| SCA | Sub County Accountant |
| SCIA | Sub County Internal Auditor |
| SDE | Sub-County Director of Education |
| SCSCMO | Sustainable Development Goals |
| SDG | Sustainable Development Goals |
| SP | Strategic Plan |
| SWOT | Strengths, Weaknesses, Opportunities, and Threats |

B. Definition of Key Terms

Fiduciary management – Members of the management are directly entrusted with the responsibility for the 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.)

National Government Constituencies Development Fund (NGCDF)

Matuga Constituency

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1. Key Constituency Information and Management

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) formerly the 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 the 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 citizen-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;

National Government Constituencies Development Fund (NGCDF)

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- 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 the 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 nationwide.

Mission

To provide leadership and policy direction for the 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 Matuga 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:

| | | | |
|--------------------------|-------------------|-----------|-----------|
| AIE holder | Wasi Kumbatha | Signatory | Signatory |
| Sub-County Accountant | Winston Kalema | Signatory | Signatory |
| Chairman NGCDF Committee | Omar Mwagaga | Signatory | |
| Member NGCDF Committee | Mariam Baridi | Signatory | |
| Member NGCDF Committee | Suleiman Ranzuga | | Signatory |
| Member NGCDF Committee | N'kuria Rang'ombe | | Signatory |

National Government Constituencies Development Fund (NGCDF)

Matuga Constituency

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

(c) Fiduciary Oversight Arrangements

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

Matuga NGCDF Office Building
Kwale High-Culture Road
KWALE-KENYA.

(e) NGCDF Matuga Constituency Contacts

P.O. Box 65-80403
Telephone: (254) 0768219281
E-mail: cdmatuga@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) NGCDF Matuga Constituency Bankers

1. KCB Bank (Operations Account).

Account Name: Matuga National Government Constituency Development Fund

Account No: 1324147830

Kwale Branch

P. O. Box 43 – 80403

2. Equity Bank (Deposit Account)

Account Name: Matuga National Government Constituency Development Fund

Account No: 1580285212344

Kwale Branch

P.O. Box 167 - 80403

3. Bank Accounts (PMC Accounts)

Equity Bank Kenya Limited (PMC Bank Account)

Account Number: Various

P.O. Box 167-80403

Kwale Branch – Kenya

And

KCB Bank - Kwale Branch

P.O BOX 43-80403

KWALE

(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 Advisor

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200





Nairobi, Kenya



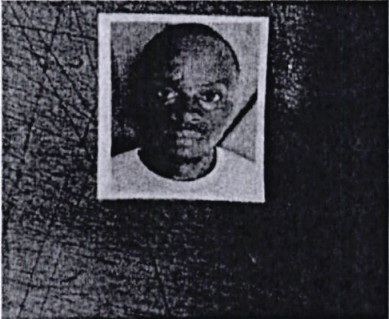

National Government Constituencies Development Fund (NGCDF)

Matuga Constituency

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

2. NGCDF Committee


| | | |
|----|--|--|
| 1. | <p>Mr Omari Ndaro Mwangaga</p>  | <p><u>Adult Male Representative</u></p> <p>Date of Birth: 01/01/1956</p> <p>Highest Academic Qualification: DEGREE</p> <p>Professional Qualification: TEACHER</p> <p>Work Experience: RETIRED TEACHER</p> <p>Position: NG- CDFC Chairman</p> |
| 2 | <p>Ms. N’Kuriah Abdallah Rang’ombe</p>  | <p><u>Female Youth Representative</u></p> <p>Date of Birth: 22/03/1994</p> <p>Highest Academic Qualification: CERTIFICATE</p> <p>Professional Qualification: Business lady</p> <p>Work Experience: EVENTS DECORATOR</p> <p>Position: NG- CDFC Secretary</p> |
| 3 | <p>Mr. Nicholas Muia Maweu</p>  | <p><u>PWDs Representative</u></p> <p>Date of Birth: 06/08/1976</p> <p>Highest Academic Qualification: KCSE</p> <p>Professional Qualification: Community Leader</p> <p>Work Experience: Businessman</p> <p>Position: NG- CDFC Member</p> |
| 4 | <p>Ms. Peninah Wanjiku</p>  | <p><u>Female Adult Representative</u></p> <p>Date of Birth: 02/02/1982</p> <p>Highest Academic Qualification: KCSE</p> <p>Professional Qualification: Cashier</p> <p>Work Experience: Cashier</p> <p>Position: NG- CDFC Member</p> |

| | | |
|---|---|--|
| 5 | <p>Katunge Peter</p>  | <p><u>Female Adult Representative</u></p> <p>Date of Birth: 01/01/1973</p> <p>Highest Academic Qualification: KCSE</p> <p>Work Experience: Community Leader</p> <p>Position: NG- CDFC Member</p> |
| 6 | <p>Suleiman Said Ranzuga</p>  | <p><u>Male Adult Representative</u></p> <p>Date of Birth: 25/09/1980</p> <p>Highest Academic Qualification: KCSE</p> <p>Professional Qualification: Businessman</p> <p>Work Experience: Businessman</p> <p>Position: NG- CDFC Member</p> |
| 7 | <p>Rashid Abdallah Mrizi</p>  | <p><u>Male Youth Representative</u></p> <p>Date of Birth: 25/09/1995</p> <p>Highest Academic Qualification: KCSE</p> <p>Professional Qualification: Youth Leader</p> <p>Work Experience: Youth Leader</p> <p>Position: NG- CDFC Member</p> |
| 8 | <p>Mariam Hassan Baridi</p>  | <p><u>Co-Opted Member</u></p> <p>Date of Birth: 16/08/1969</p> <p>Highest Academic Qualification: Diploma</p> <p>Professional Qualification: Community Leadership</p> <p>Work Experience: Community Leader</p> <p>Position: NG- CDFC Member</p> |

National Government Constituencies Development Fund (NGCDF)

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| | | |
|---|---|--|
| 9 | <p style="text-align: center;">Wasi Kumbatha</p>  | <p><u>EX-Officio Member</u></p> <p>Date of Birth: 04/04/1982</p> <p>Highest Academic Qualification: Degree</p> <p>Professional Qualification: CPA-K</p> <p>Work Experience: Field Operations Officer</p> <p>Position: Ex-Officio Member</p> |
|---|---|--|

OUTGOING NG-CDF COMMITTEE

| | NAME | DETAILS | PERIOD SERVED |
|---|--------------------|-----------------------------|----------------------|
| 1 | Omari Mwinyi Golo | Male Youth Representative | 2 Years |
| 2 | Meswaleh Mwamaneno | Female Youth Representative | 2 Years |
| 3 | Juma Bembuche | Male PWDs Representative | 2 Years |
| 4 | Miriam Ndunge | Female Adult Representative | 2 Years |

3. NGCDF Committee Chairman's Report



Mr. Omari Ndaro Mwangaga

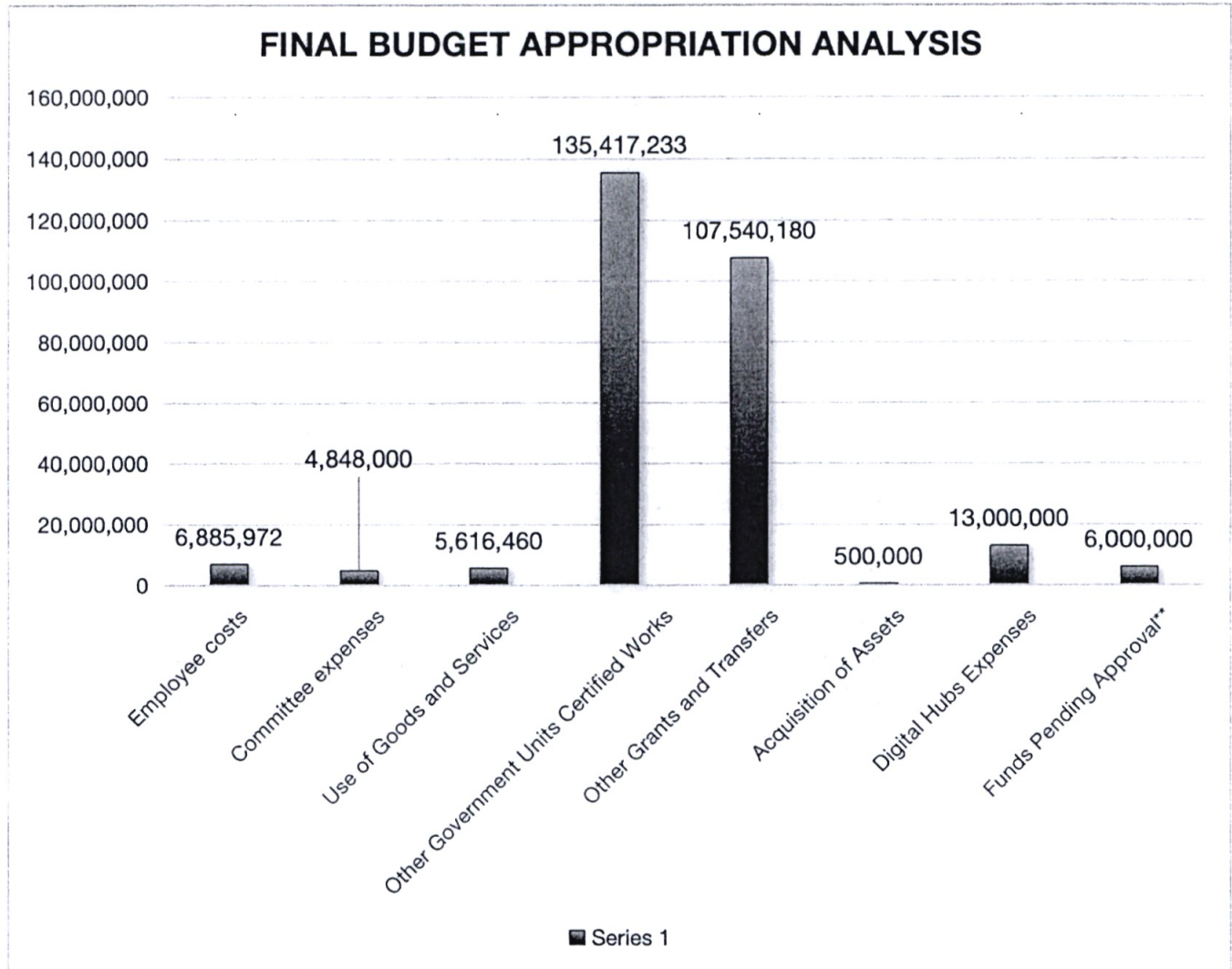
I am delighted to present, on behalf of the Matuga Constituency NGCDF Committee, the financial statements and reports for the period ending June 30th 2025. This report details the revenue and expenditures for the period just ended. Matuga Constituency is one of the four constituencies that make up Kwale County. The constituency is comprised of five wards, namely: Waa/Ng'ombeni, Tiwi, Kubo South, Mkongani, and Tsimba/Golini wards. In the financial year 2024/2025, NGCDF Matuga Constituency was allocated Kshs. 179,441,954. However, a total of Kshs. 279,807,846 was available for spending during the financial year. The allocation comprised an opening balance of Kshs. 74,965,892, Kshs. 25,400,000 that was still owed by the NGCDF Board and the allocation for the period. Actually receipts for the period were Kshs. 273,807,846 which is equivalent to 98% of the total budget, leaving pending unapproved disbursements from the NGCDF Board of kshs.6,000,000 as of the closure of the financial year on June 30th June 2025 as explained below:

National Government Constituencies Development Fund (NGCDF)

Matuga Constituency

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

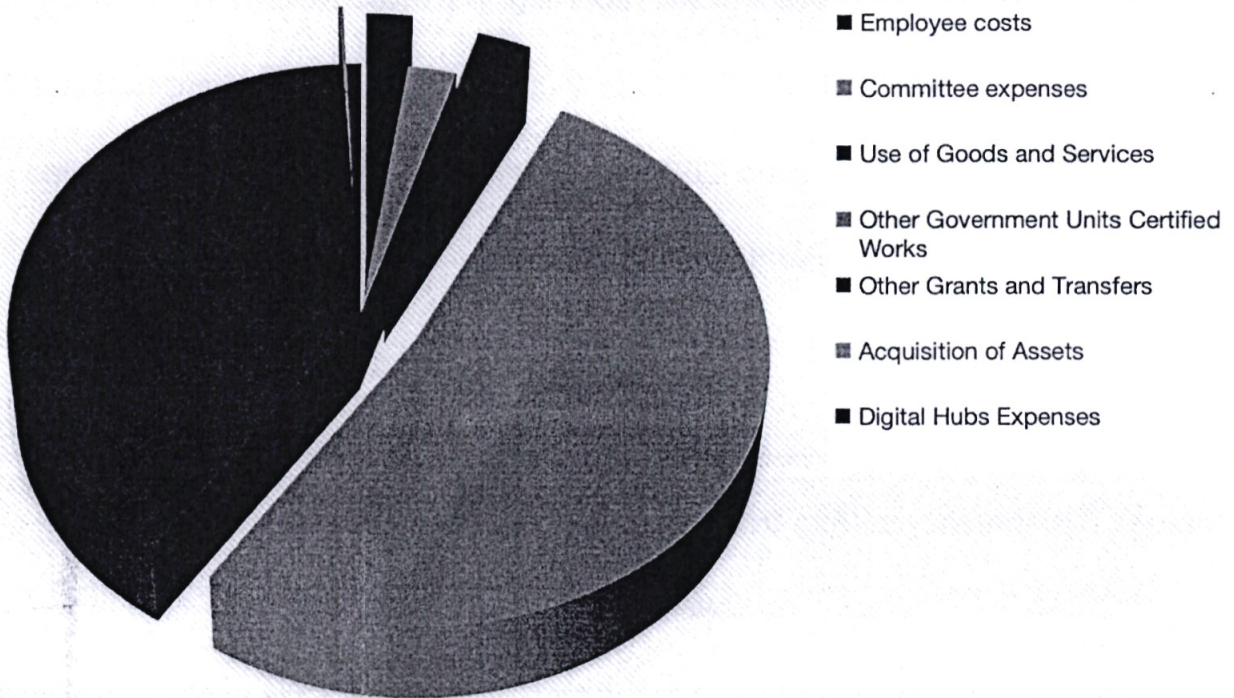
SUMMARY FINAL BUDGET FOR APPROPRIATION STATEMENT 2024/2025



Total actual expenditure for the period was Kshs. 203,849,427, translating to 73% of the final allocation. The unutilized funds of Kshs. 75,958,419 includes PMC balances of Kshs. 35,686,978, Cashbook balance (Operations) – kshs.33,105,559, Cashbook balance (Deposit) – kshs.1,165,882 and unapproved disbursement of kshs.6,000,000. PMC balances comprise monies for ongoing works and retention for completed works awaiting the maturity period.

ACTUAL UTILIZATION SUMMARY FOR 2024/2025

ACTUAL BUDGET ANALYSIS



Section 81 of the Public Finance Management Act, 2012 requires National Government entities to prepare annual reports and financial statements at the end of each financial year. Further, Section 81(3) mandates the entities to prepare the annual reports in formats prescribed by the Public Sector Accounting Standards (PSAS) Board, Section 39(4) of the NGCDF Act 2015 as amended in 2023 mandates the NGCDF Board to submit separate financial statements for the secretariat and constituencies to the Auditor General. The constituency is in compliance with the above legal requirements.



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Further, the National Treasury vide a press statement released on 3rd October 2024 announced migration from cash-based reporting. The effective date for the accrual basis was set for 1st July 2024, with the first accrual-based financial statement expected for the financial year ending 30th June 2025. This financial statement is a transition from cash-based to accrual-based financial reporting.

PERENIAL ISSUES

Matuga Constituency suffers from pre-independence challenges of:

- i) Diseases, illiteracy, and poverty
- ii) Transport is hampered by poor road infrastructure for the constituency, with less than 100km of tarmacked roads
- iii) Invasion of farms by wild animals, namely elephants, that break away from the Shimba Hills Game Reserve and destroy crops
- iv) Lack of reliable and adequate clean water for domestic use.

As a result, the fund has continuously endeavored to lead in the fight against illiteracy by supporting education 100% through infrastructure development and student bursary sponsorship, construction of security facilities, notably chiefs' offices and police posts in every village of the constituency, and more so in insecurity hotspots.

EMERGING ISSUES

- i. Climatic changes are causing droughts, unpredictable rainfall, and unusually rough seas.
- ii. Ban on mangrove harvesting
- iii. High rural–urban migration by youth due to joblessness is stripping the islands of much–needed manpower for development

Despite a few challenges here and there, NGCDF continues to be one of the most preferred devolved funds at the grassroots by the society due to its broadened and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were living in despair and ravaging poverty.



Name: Mr. Omari Ndaro Mwangaga
Chairman NGCDF Committee

4. Statement of Performance Against Predetermined Objectives for FY 2024/25

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 Matuga Constituency, as per the Strategic Plan 2022–2027* plan are to:

- 1) Attained a conducive learning environment in primary and secondary schools
- 2) Reduced cases of school and college dropout due to lack of school fees
- 3) Equipped security agents with appropriate security infrastructure and resources for the preservation of peace, prevention and detection of crime, and maintenance of law and order.
- 4) Enhance a clean environment, conservation, preservation, and protection of biodiversity to mitigate the impacts of climate change and disasters
- 5) Youth empowers youth, harnesses their talents, and develops them, enabling them to make contributions to national development.

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 the purpose of tracking progress and performance measurement. Below, we provide the progress on attaining the stated objectives:

| Sector | Objective | Outcome | Indicator | Performance |
|-----------|--|---|---|--|
| Education | <ul style="list-style-type: none"> ○ Enhance school enrollment. ○ Improve academic performance in national examinations. ○ Accessibility to school fees for bright and needy students ○ 100% transition to secondary and tertiary institutions | <ul style="list-style-type: none"> ○ Increased enrollment in primary schools. ○ Improve the transition to secondary schools and tertiary institutions. ○ Improved bursary awards and allocations. ○ Reward good performance | <ul style="list-style-type: none"> ○ Bursaries/scholarships in secondary schools, colleges, universities, technical and vocational institutions, and for special needs. ○ Increased Primary Schools, JSS, and Senior Schools development infrastructure ○ Improved intake at the university level. | <ul style="list-style-type: none"> ○ Through bursaries, there was an increase in scholarship awards, teaching programs, TVETs awards, and Life Guard Trainees. ○ Enhanced learning environment by constructing 4 perimeter walls in 4 different schools. ○ Completed stalled laboratories to enable learners to inculcate practical experience in learning. |
| Security | <ul style="list-style-type: none"> ○ Equipped security agents | <ul style="list-style-type: none"> ○ Heightened security within | <ul style="list-style-type: none"> ○ Number of police posts | <ul style="list-style-type: none"> ○ Enhanced security by constructing |

National Government Constituencies Development Fund (NGCDF)

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



| | | | | |
|--------------------------------------|---|---|---|--|
| | with appropriate security infrastructure and resources for the preservation of peace, prevention and detection of crime, and maintenance of law and order. | the constituency to guarantee a safe working environment, peaceful coexistence of communities, and improved service delivery to the citizens. | constructed and furnished. o Number of chiefs' offices constructed and furnished. | more police stations as gazetted by the government and reinforcing them with better facilities for improved service delivery. |
| Climate Change Mitigation Activities | Enhance a clean environment and conservation. Preservation and protection of biodiversity to mitigate the impacts of climate change and emergencies/disasters | Restoration of tree nurseries and forests. Tree growing and nurturing. Restoration from degradation and pollution. | Number of tree seedlings planted, gabions constructed, water harvesting facilities initiated, and pit latrines constructed. | Climate change mitigation activities included tree planting in line with the changes in the Act and the President initiative of planting 15 billion tree seedlings by 2032. The committee, through various PMCs will plant at least 2,000 seedlings in the financial year. |
| Emergency | To cater to unforeseen occurrences in the constituency and | Facilitate the reduction of risks in learning institutions by | Putting an emergency fund at all times and have a quick response | Working with other units and departments dealing with emergency response |

| | | | | |
|------------------------|---|---|---|---|
| | their mitigating actions. | making funds available to counter any emergency occurrence. | mechanism for countering any unexpected eventuality. | in the constituency to ensure quick identification and response. |
| Others (NG-CDF Office) | Enhancing a healthy and conducive working environment | Capacity building, equipping, and creating an enabling working environment for staff and the Committee. | Renovating the office, maintaining a clean and sanitized environment, and purchasing working equipment. | <ul style="list-style-type: none"> o Improved the working environment by putting up cabro and planting trees. o Water harvesting and gardening in the compound. o Recruitment of competent staff in all key offices. |

National Government Constituencies Development Fund (NGCDF)

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5. Governance Statement

Matuga constituency sits on an area of 1031.20 square kilometers with an estimated population of 152,000 residents, the majority of whom live below the poverty line. It is one of the four constituencies of Kwale County with an electoral boundary of 5 Wards, namely: Kubo South, Mkongani, Tiwi, Tsimba/Golini and Waa/Ng'ombeni

Poverty remains one of Kenya's major development challenges, which puts pressure on the limited resources, leading to environmental degradation, insecurity, low economic activities, illiteracy, and poor health. All these tend to slow down economic growth, culminating in high poverty levels. While this is the situation nationally, there are much greater disparities between and within the constituencies. Distribution of poverty profiles indicates that most of the poor people in the country live in rural areas compared with those in urban centres and therefore the need for a more focused approach toward poverty reduction at the grassroots. This forms the basis for NGCDF interventions.

The National Government Constituencies Development Fund (NGCDF), formerly the Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through the CDF Act, 2013. The latter was subsequently succeeded by the current NGCDF Act, 2015 (as amended in December 2023). The Fund is domiciled within the ministry in charge of the national treasury, economic policy, and planning, currently the Ministry of National Treasury and Planning. The main purpose of the Fund is to enhance infrastructural and socio-economic development at the constituency level in order to reduce poverty by dedicating a minimum of two and a half percent (2.5%) of the National Government's share of annual revenue toward projects identified at the constituency level by the communities.

1. Appointment and removal of Constituency Committee members:

The current NGCDF Matuga Constituency Committee was appointed vide The Kenya Gazette Notice No. 6462, Vol. CXXVII—No. 98 Nairobi, 21st May 2025. However, the effective date of appointment is 11th April 2025 for a period of 2 years.

Regulation 5(2) creates a vacancy in the office of the Constituency Committees in the manner provided. Section 48(8) of the Act is succinct on the expiry of the term of the Committee. Further, Section 43(3) of the NG-CDF Act, 2015 as amended in 2023, the seven persons referred to in Sub-section (2) (b), (c), (d), (e), (f) and (g) shall be

selected in the manner prescribed in the Regulations. Regulation 5 and 6 of the NG-CDF Act, 2015 as amended in 2024, provide for the eligibility criteria and procedures for nomination.

Section 43 (13) (a), (b), (c), (d), (e), (f) and (g) provide the manner in which a member of the Constituency Committee may be removed from office. Section 44 of the Act elaborates on the manner a Constituency Committee shall be dissolved. Regulation 10 lists the procedure for the removal of a Constituency Committee member, and Regulation 5 (2) describes the circumstances under which a vacancy may occur in the Constituency Committee. The Committee was inducted by the NGCDF Board from 24th June 2025 to 29th June 2025.

2. SCHEDULE OF NGCDFC MEETINGS

| NO | NAMES OF COMMITTEE MEMBERS | CATEGORY | WARD | MEETINGS HELD | SUB-MEETINGS HELD |
|----|---------------------------------|--------------------------------|---------------|---------------|-------------------|
| 1 | Omari Ndaro Mwagaga | Male Adult Representative | Mkongani | 2 | – |
| 2 | N’kuriyah Abdallah Rang’ombe | Female Youth Representative | Tsimba Golini | 2 | – |
| 3 | Nicholas Muia Maweu | Male PWDs Representative | Kubo South | 2 | – |
| 4 | Katunge Peter | Female Adult | Kubo South | 2 | – |

National Government Constituencies Development Fund (NGCDF)

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| NO | NAMES OF COMMITTEE MEMBERS | CATEGORY | WARD | MEETINGS HELD | SUB-MEETINGS HELD |
|----|----------------------------|-----------------------------|---------------|---------------|-------------------|
| | | Representative | | | |
| 5 | Suleiman Said Ranzuga | Male Adult Representative | Waa/Ng'ombeni | 2 | - |
| 6 | Peninah Wanjiku | Female Adult Representative | Tsimba Golini | 2 | - |
| 7 | Rashid Mrizi | Male Youth Representative | Tiwi | 2 | - |
| 8 | Mariam Hassan Baridi | Co-opted Member. | Tsimba Golini | 2 | - |

The newly inaugurated committee has so far conducted two meetings: the inauguration meeting and the handing-over meeting.

3. Convening of Constituency Meetings

Section 43 (6) states that, “The first meeting of the Constituency Committee shall be convened within one hundred and twenty days of the commencement of a new term of Parliament or the date of the holding of a by-election, by the national government official at the constituency or, in his or her absence, by an officer of the Board seconded to the constituency.”

After the appointment of members of the NGCDF Committee through publication in the Kenya Gazette, and within 120 days of the commencement of the thirteenth

parliament, the Deputy County Commissioner (or in his/her absence) the Fund Account Manager shall convene the first meeting of the NGCDF Committee, during which the members will elect the Chairperson and the Secretary. The Officer of the Board will then submit to the Board the names of the elected Chairperson and Secretary, attaching a certified copy of form four certificate and the academic certificates for the highest level of education attained and the minutes of the NGCDF Committee that approved the appointment. As the management of NGCDF Lamu East Constituency, we complied with the Act and its regulations.

4. Tenure of the Constituency Committee

As per the provisions of Section 43 (8) and (9) of the NGCDF Act, the tenure of the members of the NGCDF Committee shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act and regulations, while the Fund Account Manager remains the custodian of all the records and equipment of the constituency. As per Regulation 24 of the Act, once the new committee members have been appointed, the Fund Account Manager, in liaison with the Deputy County Commissioner, shall facilitate a smooth handover between the outgoing and the newly gazetted NGCDF committee members. To facilitate this, the Fund Account Manager prepares a comprehensive handover report on behalf of the outgoing committee.

5. Functions and Operations of the Constituency Committee

Regulation 11 of the NGCDF Act outlines the functions of the Constituency Committee. Implementation of projects through the Projects Management Committees at the community level is one of the mandates. In addition, effective and efficient project management is a cardinal achievement of the Fund's objective of poverty reduction while ensuring equitable development across the Constituency. In order to achieve this objective, the Fund Account Manager, through the Board, continuously trains the NGCDF Committee, the staff and the technical officers from relevant government departments on various project management and pertinent issues to enable them to facilitate Project Management Committees. Regulation 11 (1) (a) is the function of the Constituency Committee to build the capacity of the Project Management Committees and sensitize the community on the operations of the Fund.

Section 43 (11) of the Act provides that the Constituency Committee shall meet at least six times a year, but the committee shall not hold more than twenty-four meetings in the same financial year, including subcommittee meetings.

6. Management of Transition and Handing Over

Pursuant to Section 43 (8) and (9) of the NGCDF Act 2025 as amended in 2023, the tenure of the members of NGCDF Committees shall expire upon the appointment of a

new Constituency Committee in the manner provided in the Act and Regulations, while the Officer of the Board shall remain the custodian of all the records and equipment of the Constituency. Therefore, the Officer of the Board shall play an important role in ensuring that the assets of the constituency are protected and preserved and ensure smooth transition between the committees.

Upon the appointment of the new committee, the Officer of the Board, in liaison with the Deputy County Commissioner, shall facilitate a smooth handover between the outgoing and the newly gazetted NG–CDF members. To facilitate this, the Officers of the Board are required to prepare a comprehensive handover report on behalf of the outgoing committee. The handover report must be signed by the Chairpersons (or a member acting in such capacity), the Secretary (or a member acting in such capacity) and witnessed by the Officer of the Board.

6. Management Discussion and Analysis

Establishment and Management of the Fund

Section 4 of the Act states that there is established a fund to be known as the National Government Constituencies Development Fund, which shall—(a) be a National Government Fund consisting of monies in an amount of not less than 2.5% (two and a half

National Government Constituencies Development Fund (NGCDF)

Matuga Constituency

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

percent) of all the national government's share of revenue as divided by the annual Division of Revenue Act enacted pursuant to Article 218 of the Constitution;

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

NGCDF Matuga Constituency, pursuant to Section 34 of the Act, was allocated Kshs. 517,288,600 between FY 2022/2023 and 2024/2025:

| FINANCIAL YEAR | ALLOCATION (KSHS) |
|----------------|-------------------|
| 2022/2023 | 145,667,603 |
| 2023/2024 | 192,179,043 |
| 2024/2025 | 179,441,954 |

Sectorial allocation over the period, as per the approved code list and Section 24 of the Act, the highest beneficiary is the education sector through bursaries and school infrastructural development. The table below shows how the funds were distributed:

| SECTOR | ALLOCATION (KSHS) | PERCENTAGE ALLOCATION |
|-----------------------------------|-------------------|-----------------------|
| Administration | 31,037,316 | 6% |
| Monitoring and Evaluation | 15,518,658 | 3% |
| Bursary | 147,000,000 | 28% |
| Capital Grants to Primary Schools | 165,677,305 | 32% |

| | | |
|--|------------|------|
| Capital Grants to Secondary Schools | 93,450,000 | 18% |
| Capital Grants to Tertiary Institutions | 2,000,000 | 0.5% |
| Climate Change Mitigation Activities | 14,413,352 | 2.9% |
| Sports | 2,913,352 | 0.6% |
| Security | 23,800,000 | 4.6% |
| Constituency Innovation and Digital Hubs | 14,350,000 | 2.9% |
| NGCDF Assets and Renovations | 4,794,624 | 0.9% |
| Others (Strategic Plan) | 3,200,000 | 0.6% |

Bursary Sector

The committee, over the last 3 years, managed to allocate bursaries to over 5,000 learners in every financial year. In addition, the committee achieved training for over 500 learners through TVET scholarships and 52 teachers through scholarships. Further, the committee allocated Kshs. 10,000 to learners pursuing a degree program, Kshs. 8,000 to learners pursuing diplomas, kshs.7,000 to learners pursuing certificate courses, Kshs. 8,000 to secondary school boarders, and Kshs. 5,000 to secondary school day scholars.

Grants to Primary and Secondary Schools

Poor academic performance in the constituency is contributed to by a lack of proper school infrastructure, such as laboratories and laboratory equipment, a shortage of

National Government Constituencies Development Fund (NGCDF)

Matuga Constituency

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

dormitories in several schools, insufficient classrooms at the primary level, and unsecured school compounds that are invaded by outsiders with uncontrolled movements.

As a committee, we are currently establishing boundary walls for every school, where four schools have already benefited from the project. Moreover, the committee has constructed a dormitory and a laboratory for one secondary school to allow students to take advantage of the amenities. The committee established a new school at Nyando to facilitate educational access for students from Tsimba Golini Ward.

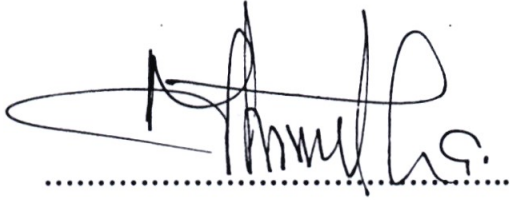
Sanitary units have been a priority for the committee, with 2 toilets are ongoing. These will enhance public health and hygiene at the learning institutions.

Grants to Tertiary Institution

The committee equipped Matuga TVC with ICT equipment to enhance digital learning for the youth at the institution and the constituency at large. In addition, 2 ablution blocks and a water harvesting and storage unit were constructed to meet the water shortage in the area. Since then, the institution has experienced increased numbers in admission and retention of learners.

Security

The committee has ensured the completion of the chiefs' offices at Kizibe, Mtsamviani, Msulwa, and Golini, and secured fencing and electrification of the Lukore Police Post. In addition, the committee plans to equip the chiefs with furniture to enhance their service delivery.



Name: Wasi Kumbatha
Fund Account Manager

7. Environmental and Sustainability Reporting

The Matuga Constituency NG–CDF is dedicated to collecting, analyzing, and disclosing information about the institution's environmental and sustainability performance. This reporting helps the committee track its environmental impact, demonstrate accountability to stakeholders, and improve sustainability practices.

1. Sustainability strategy and profile –

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

- a. **Education and Training:** NGCDF Matuga 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 so that in years to come, the beneficiaries at the secondary school level will have transitioned to tertiary institutions, while those at the tertiary level will 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 Matuga Constituency has security as a priority area with the intention of providing 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 operations have an impact on the environment. Cognizant of the Sustainable Development Goals, the NGCDF Matuga Constituency has allocated part of its budget to climate change mitigation activities such as afforestation, reforestation, grassroots sensitization, and tree seedling production.

2. Environmental performance

Environmental protection is a core initiative of the Matuga NGCDF. We consider caring for the environment a fundamental responsibility and a crucial aspect of our operational approach. Our commitment to environmental stewardship is deeply integrated into our strategic plan.

As the committee, we are waiting for guidelines from the Board in line with the changes in the NGCDF Act 2015 as amended in 2023. These will guide us in coming up with future strategies for handling climate change mitigation matters.

Despite that, the committee has allocated sufficient funds for tree planting at schools. In order to ensure the sustainability and survival of the tree-growing activity, the committee is constructing perimeter walls for all the schools.

3. Employee welfare

We invest in providing the best working environment for our employees. NGCDF Matuga Constituency recruitment is guided by the 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. NGCDF Matuga 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 emergencies.

4. Marketplace practices–

NGCDF Matuga 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 for 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 Matuga Constituency has put in efforts to ensure:

- a) Responsible competition practices encourage fair competition and maintain zero tolerance for corruption.
- b) Good business practices include cordial supply chain and supplier relations by honoring contracts and respecting payment practices.
- c) Responsible marketing and advertising.
- d) Product stewardship by safeguarding consumer rights and interests.

5. Community Engagements–

NGCDF Matuga Constituency has endeavored to sustain community engagement through CSR, as well as to appreciate our existence by engaging local contractors and suppliers when necessary. We have also engaged the community through community projects.

6. Public Participation in Project Identification, Implementation, and Monitoring

NGCDF Matuga Constituency deliberated on project proposals from all the wards in the constituency and considered those most beneficial to the constituents, considering the national development plans and policies and the constituency's 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 NGCDF Committee Matuga Constituency engaged the community through community leaders during the bursary program to identify the needy students to be awarded the bursary.

National Government Constituencies Development Fund (NGCDF)

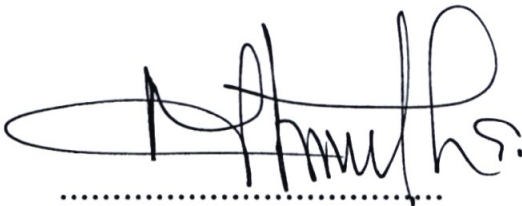
Matuga Constituency

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

7. 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.

NGCDF Matuga Constituency has continually practiced public participation and public awareness during project identification and proposal collection in all the wards of the constituency.



.....
Name: Wasi Kumbatha
Fund Account Manager.

8. 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 Matuga 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 as of 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.

National Government Constituencies Development Fund (NGCDF)

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

The Accounting Officer in charge of the NGCDF Matuga 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 the entity's transactions during the financial year ended June 30, 2025, and of the entity's financial position as of that date. The Accounting Officer in charge of the NGCDF Matuga 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.

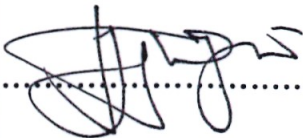
The Accounting Officer in charge of the NGCDF Matuga Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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 these financial statements and reports.

Approval of the financial statements

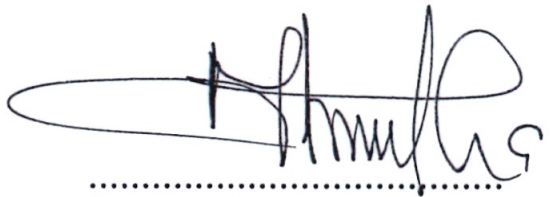
The NGCDF Matuga Constituency financial statements were approved and signed by the

Accounting Officer on28/11/2025.....



Name: Omari Mwagaga

Chairman — NGCDF Committee



Name: Wasi Kumbatha

Fund Account Manager

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund - Matuga Constituency set out on pages

1 to 70, which comprise of the statement of financial position as at 30 June, 2025, and the statement of statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Matuga 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 Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted expenditure and actual on comparable basis of Kshs.273,807,846 and Kshs.203,849,427 respectively resulting to under absorption of Kshs.69,958,419 or 26% of actual receipts.

The 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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, one issue was raised under the Report on Financial Statements. The issue relates to unsupported expenditure on use of goods and services. Review of the status during audit of the Fund in 2024/2025 revealed that the matter remained unresolved.

Other Information

The Management is responsible for the Other Information set out on page v to xlii which comprise of Key Constituency Information and Management, NG-CDF committee, NG-CDF Chairman's Report, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Directors, 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 - Matuga 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

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


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

| | 2024-2025 | 2023-2024 |
|---|-----------|---------------------|
| Revenue from non-exchange transactions | | |
| Transfers from the NGCDF Board | 6 | 179,441,954 |
| Transfers from domestic and foreign partners | 7 | - |
| Revenue from exchange transactions | | |
| Finance income | 8 | - |
| Miscellaneous income | 9 | - |
| Total revenue | | 179,441,954 |
| Expenses | | |
| Employee costs | 10 | 5,428,374 |
| Committee expenses | 11 | 4,848,000 |
| Use of Goods and Services | 12 | 5,594,130 |
| Other Government Units Actual expenditure | 13 | 109,606,287 |
| Other Grants and Transfers Actual expenditure | 14 | 80,854,904 |
| Depreciation and amortization expense | 15 | 219,000 |
| Digital Hubs Expenses Actual expenditure | 16 | 1,411,050 |
| Total expenses | | 207,961,745 |
| Other gains/(losses) | | |
| Gain/Loss on Sale of Assets | 17 | - |
| Impairment loss | 18 | - |
| Surplus/(Deficit) for the year | | (28,519,791) |

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

The Constituency financial statements were approved by the NGCDFC on 28/11/2025

and signed by:



Chairman NG-CDF
Committee

Name: Omari Mwangaga



National Sub-County
Accountant

Name: Winston Kalema

ICPAK M/No: 11155



Fund Account Manager

Name: Wasi Kumbatha

ICPAK M/No: 24271

(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)
Matuga Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025*

11. Statement of Financial Position as at 30th June 2025

| | | 2024-2025 | 2023-2024 |
|--|----|----------------------|-----------------------|
| | | KES | KES |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 19 | 69,958,418.96 | 74,965,891.80 |
| Receivables from Exchange Transactions | 20 | – | – |
| Receivables from Non-Exchange Transactions | 21 | 6,000,000 | 25,400,000 |
| Prepayments | 22 | 732.05 | – |
| Total Current Assets | | 75,959,151.01 | 100,365,891.80 |
| | | | |
| Non-Current Assets | | | |
| Property, Plant, and Equipment | 23 | 580,000 | 385,000 |
| Intangible Assets | 24 | – | – |
| Right-of-Use Assets | 25 | – | – |
| Total Non- Current Assets | | 580,000 | 385,000 |
| | | | |
| Total Assets (A) | | 76,539,151.01 | 100,750,891.80 |
| | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 26 | – | – |
| Third Party Deposits | 27 | 6,235,630 | 2,750,556 |
| Lease Liabilities | 28 | – | – |
| Gratuity Provision | 29 | 1,165,882.10 | 342,906.50 |

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

| | | | |
|--------------------------------|----|----------------------|----------------------|
| Total Current Liabilities | | 7,401,512.10 | 3,093,462.50 |
| | | | |
| Non-Current Liabilities | | | |
| Lease Liabilities | 28 | - | - |
| Total Liabilities (B) | | 7,401,512.10 | 3,093,462.50 |
| | | | |
| Net Assets (A-B) | | 69,137,638.91 | 97,657,429.30 |
| Represented by: | | | |
| Revaluation Reserves | | 37,649,433.80 | 37,649,433 |
| Accumulated Surplus | | 31,488,205.00 | 60,007,996 |
| Total Net Assets | | 69,137,638.80 | 97,657,429.30 |

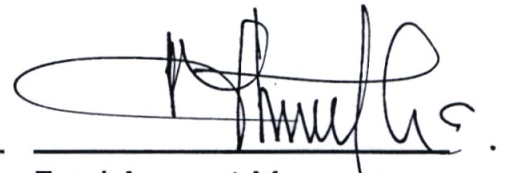
The Constituency financial statements set out on pages 1 to 20 approved by NG CDFC on
 ...28/11/2025... and signed by:



Chairman NG-CDF
 Committee
 Name: Omari Mwangaga



National Sub-County
 Accountant
 Name: Winston Kalema
 ICPAK M/No: 11155



Fund Account Manager
 Name: Wasi Kumbatha
 ICPAK M/No: 24271

National Government Constituencies Development Fund (NGCDF)
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12. Statement of Changes in Net Assets for the year ended June 30 2025

| Description | Revaluation Reserve | Accumulated Surplus/Deficit | Total |
|---|---------------------|-----------------------------|--------------|
| | Kshs | Kshs | Kshs |
| Fund Balance as at 30 th June 2024 | 37,649,433 | 14,933,388 | 52,582,821 |
| Adjustments | | | |
| Recognition of Assets | | 48,168,071 | 48,168,071 |
| Recognition of Liabilities | | (3,093,463) | (3,093,463) |
| As of July 1, 2024 | 37,649,433 | 60,007,996 | 97,657,429 |
| | | | |
| Surplus/(Deficit) for the Period | | (28,519,791) | (28,519,791) |
| Revaluation Gain/Loss | | - | - |
| As of June 30, 2025 (current year) | 37,649,433 | 31,488,205 | 69,137,639 |

Note:

The changes in net assets from kshs.97,657,429 as of 1st July 2024 to kshs.69,137,639 as of 30th June 2025 are a result of a total deficit of kshs.28,519,791 realized at the end of the period on 30th June 2025.

The opening balance of kshs.97,657,429 as of 1st July 2024 is a total of accumulated surplus - kshs.52,582,821 being cashbook balances as at 1st July 2024 which comprises cashbook balances b/f - kshs.37,649,433 and surplus b/f - kshs.14,933,388, added to total assets - kshs.48,168,070 which comprises PMC opening balances - kshs.22,383,070, disbursements owing from NGCDF Board - kshs.25,400,000 and net book value of fully depreciated ICT equipment - kshs.385,000 less total liabilities of kshs.3,093,462 comprising retention payable - kshs.2,750,000 and gratuity provision of kshs.342,906.50

National Government Constituencies Development Fund (NGCDF)
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13. Statement of Cash Flows for the Year Ended 30th June 2025

| | Notes | 2024-2025 |
|---|-------|--------------------|
| | | Kshs |
| Cash flows from operating activities | | |
| Receipts | | |
| Transfers from the NGCDF Board | | 198,841,954 |
| Transfers from domestic and foreign partners | | - |
| Finance income | | - |
| Miscellaneous income | | - |
| Total Receipts | | 198,841,954 |
| Payments | | |
| Employee costs | | 4,605,398 |
| Committee expenses | | 4,848,000 |
| Use of Goods and Services | | 5,594,862 |
| Other Government Units Certified Works | | 105,879,821 |
| Other Grants and Transfers | | 81,101,794 |
| Digital Hubs Expenses | | 1,405,552 |
| Total Payments | | 203,435,427 |
| Net Cash Flows from/ (used in) Operating Activities | 30 | (4,593,473) |
| Cash Flows from Investing Activities | | |
| Purchase of PPE | | 414,000 |
| Purchase of Intangible Assets | | - |
| Proceeds from Sale of PPE | | - |
| Net Cash Flows from Investing Activities | | 414,000 |
| Net increase/(decrease) in cash & Cash equivalents | | (5,007,473) |
| Cash Flows from Financing Activities | | |
| Lease Payment | | - |

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| | | |
|---|-----------|--------------------|
| Cash equivalents | | |
| | | |
| Cash Flows from Financing Activities | | |
| Lease Payment | | - |
| Net Cash Flows from Financing Activities | | (5,007,473) |
| Cash and cash equivalents at 1 July | 19 | 74,965,892 |
| Cash and cash equivalents at 30 June | 19 | 69,958,419 |

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

Note:

Figures in the Statement of Financial Performance vary from those in the Statement of Cashflow for the period ended 30th June 2025 since the Statement of Cash Flow records actual cash outflow/ cash inflow, while the Statement of Financial Performance records actual expenditures as incurred. For instance, employee costs in the Statement of Financial Performance record Kshs. 5,428,374 which includes a gratuity provision of kshs.822,975 while the Statement of Cash Flows records employee costs of kshs.4,605,398 which is the actual cash outflow excluding the gratuity provision of kshs.822,975 which is not actually a cash outflow. In the Statement of Financial Performance, goods and services are recorded as kshs.5,594,130 which is inclusive of kshs.732 being prepaid insurance, while the actual cash outflow is kshs.5,594,862 as recorded in the Statement of Cash Flows, excluding the prepaid insurance of kshs.732.

The Statement of Financial Performance has recorded actual expenditures of kshs.109,606,287 for Other Government Units, kshs.80,854,904 for Other Grants and Transfers, kshs.1,411,050 for Digital Hubs, while the Statement of Cash Flow has recorded actual cash outflows of kshs.105,879,821 for Other Government Units, kshs.81,101,794 for Other Grants and Transfers, kshs.1,405,552 for Digital Hubs, respectively posting differences of kshs.3,726,466 for Other Government Units, kshs.(246,890) for Other Grants and Transfers, kshs. 5,498 for Digital Hubs being retained in figures as posted in the statement of financial performance but not paid within the period for Other Government Units and Digital Hubs, while retention b/f was paid out for Other Grants and Transfers, as the differences are posted in the statement of cash flow as it records actual cash outflows

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

| | 2024-2025 | Opening Balance (C/Bk) and AIA | Previous Years' Outstanding disbursements | 2024-2025 | 2024-2025 | | |
|--|--------------------|--------------------------------|---|--------------------|--------------------|------------------|-----------|
| Revenue | | | | | | | |
| Transfers From the NGCDF Board | 179,441,954 | 74,965,892 | 25,400,000 | 279,807,846 | 273,807,846 | 6,000,000 | 98 |
| Transfers from domestic and foreign partners | | - | - | - | - | - | |
| Finance income | - | - | - | - | - | - | |
| Miscellaneous income | - | - | - | - | - | - | |
| Totals | 179,441,954 | 74,965,892 | 25,400,000 | 279,807,846 | 273,807,846 | 6,000,000 | 98 |
| Expenses | | | | | | | |
| Employee costs | 5,554,779 | 1,331,193 | - | 6,885,972 | 4,605,398 | 2,280,574 | 67 |
| Committee expenses | 4,848,000 | - | - | 4,848,000 | 4,848,000 | - | 100 |

*National Government Constituencies Development Fund (NGCDF)
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| | <i>2024-2025</i> | Opening Balance (C/Bk) and AIA | Previous Years' Outstanding disbursements | <i>2024-2025</i> | <i>2024-2025</i> | | |
|---|--------------------|--------------------------------------|--|--------------------|--------------------|-------------------|-----------|
| Use of Goods and Services | 5,594,862 | 21,598 | – | 5,616,460 | 5,594,862 | 21,598 | 100 |
| Other Government Units Certified Works | 66,700,000 | 43,317,233 | 25,400,000 | 135,417,233 | 105,879,821 | 29,537,412 | 78 |
| Other Grants and Transfers | 77,744,312 | 29,795,868 | – | 107,540,180 | 81,101,794 | 26,438,386 | 75 |
| Acquisition of Assets | – | 500,000 | – | 500,000 | 414,000 | 414,000 | 83 |
| Digital Hubs Expenses | 13,000,000 | – | – | 13,000,000 | 1,411,050 | 11,588,950 | 11 |
| Funds Pending Approval** | 6,000,000 | – | – | 6,000,000 | – | 6,000,000 | – |
| Total Expenditure | 179,441,953 | 74,965,892 | 25,400,000 | 279,807,845 | 203,849,427 | 75,958,419 | 73 |
| Surplus for the period | 0 | (0) | – | 0 | 69,958,419 | (69,958,419) | |

***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.*

National Government Constituencies Development Fund (NGCDF)
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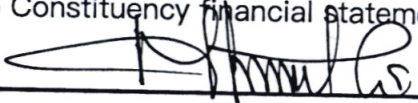
Explanatory Notes.

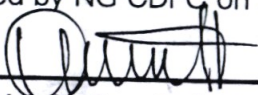
- i. Employee costs: During the budgeting process, the committee realized a saving with the employee cost brought forward from FY 2023/2024 of Kshs. 1,331,193
- ii. Use of Goods and Services: During the budgeting process, the committee realized a saving with the vehicle maintenance and insurance cost brought forward from FY 2023/2024 of Kshs. 21,598.
- iii. Other Government Units Certified Works: In addition to delayed funding, the committee had several multiyear/multiphase projects that did not have sufficient funding for implementation to commence.
- iv. Other Grants and Transfers; the committee has one security project that is pending approval from the Board.
- v. Acquisition of Assets: The delay in the procurement of office assets is a result of incomplete office renovation.
- vi. Digital Hubs Expenses: Delayed disbursement from the Board hindered implementation/commencement of the Digital Hubs.

| Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities. | |
|--|-------------|
| Description | Amount |
| Budget utilization difference totals | 75,958,419 |
| Less undisbursed funds receivable from the Board as of 30 th June 2025 | (6,000,000) |
| Cash and Cash Equivalents at the end of 30 th June 2025 | 69,958,419 |

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 28/11/2025 and signed by:


 Fund Account Manager
 Name: Wasi Kumbatha


 National Sub-County Accountant
 Name: Winston Kalema


 Chairman NGCDF Committee
 Name: Omari Ndaro Mwangaga.

15. Budget Execution by Sectors and Projects for the Year Ended 30th June 2025

| Programme/Sub-programme | Original Budget | Adjustments | | Final Budget | Actual on 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 | | | | | | |
| 1.0 Compensation of Employees | | | | - | | - |
| 1.1 Salary | 5,295,735 | 1,331,192 | - | 6,626,927 | 5,169,330 | 1,457,597 |
| 1.2 Housing Levy | 53,460 | - | - | 53,460 | 53,460 | - |
| 1.3 NSSF | 205,584 | | | 205,584 | 205,584.00 | - |
| Sub-total | 5,554,779 | 1,331,192 | 0 | 6,885,971 | 5,428,374 | 1,457,597 |
| 2.0 Committee Expenses | | - | | - | | - |
| 2.1 Committee Sitting Allowances | 3,248,000 | | | 3,248,000 | 3,248,000 | - |
| 2.2 Other Committee Expenses | 1,600,000 | | | 1,600,000 | 1,600,000 | - |
| Sub-total | 4,848,000 | - | - | 4,848,000 | 4,848,000 | - |
| 3.0 Use of Goods and Services | | | | - | | - |
| 3.1 Administration | 2,627,672 | 21,599 | | 2,649,271 | 2,627,672 | 21,599.00 |
| 3.2 Monitoring & Evaluation and Capacity Building | 2,967,190 | | | 2,967,190 | 2,967,190 | - |
| Sub-total | 5,594,862 | 21,599 | - | | 5,594,862 | 21,599 |

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| | | | | | | |
|---|-------------------|------------------|----------|-------------------|-------------------|------------------|
| | | | | 5,616,461 | | |
| Total | 15,997,641 | 1,352,791 | - | 17,350,432 | 15,871,236 | 1,479,196 |
| 4.0 Transfers to Other Government Entities | | | | | | |
| 4.1 Primary Schools | | | | | | |
| Zunguluka Primary School | | 1,600 | | 1,600 | 1,600.00 | 0 |
| Kizimbani Primary School | | 1,630 | | 1,630 | 1,630.00 | 0 |
| Mbuguni Primary School | | 64 | | 64 | 64.00 | 0 |
| Mwagodzo Primary School | | 6,211 | | 6,211 | 6,211.00 | 0 |
| Gopha Primary School | | 167 | | 167 | 167.00 | 0 |
| Yeje Primary School | | 1,591 | | 1,591 | 1,591.00 | 0 |
| Vuga primary School | | 1,149 | | 1,149 | 1,149.00 | 0 |
| Zibani Primary School | | 15,000 | | 15,000 | 15,000.00 | 0 |
| Mtsangatamu Primary School | | 857 | | 857 | 857.00 | 0 |
| Tangini Primary School | | 590 | | 590 | 590.00 | 0 |
| Vinuni Primary School | | 1,126 | | 1,126 | 1,126.00 | 0 |
| Katangini Primary School | | 207 | | 207 | 207.00 | 0 |
| Kilindini Primary School | | 340 | | 340 | 340.00 | 0 |
| Chirimani Primary School | | 1,689 | | 1,689 | 1,689.00 | 0 |
| Jaramogi Primary School | | 56,628 | | 56,628 | 56,628.00 | 0 |
| Magwasheni Primary School | | 11 | | 11 | 11.00 | 0 |
| Makobe Special Unit | | 3,053 | | 3,053 | 3,053.00 | 0 |
| Myugutu Primary School | | 1,463 | | 1,463 | 1,463.00 | 0 |
| Sabrina Primary School | | 108 | | 108 | 108.00 | 0 |
| Mnyalatsoni Primary School | | 1,666 | | 1,666 | 1,666.00 | 0 |
| Vyongwani Primary School | | 104,230 | | 104,230 | 104,230.00 | 0 |
| Matuga Primary School | | 95,796 | | 95,796 | 95,796.00 | 0 |
| Umoja Primary School | | 1,300,000 | | 1,300,000 | 1,300,000.00 | 0 |
| Kichakasimba Primary School | | 385 | | 385 | 385.00 | 0 |
| Mbweka Primary School | | 1,342,628 | | 1,342,628 | 1,342,628.00 | 0 |

National Government Constituencies Development Fund (NGCDF)

Matuga Constituency

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| | | | | | | |
|--------------------------|-----------|-----------|---|-----------|--------------|-----------|
| Lwara Primary School | | 729,558 | | 729,558 | 729,558.00 | 0 |
| Dzanikeni Primary School | | 915,818 | | 915,818 | 915,818.00 | 0 |
| Voroni Primary School | | 100,073 | | 100,073 | 100,073.00 | 0 |
| Lukore Primary School | | 98,508 | | 98,508 | 98,508.00 | 0 |
| Chipinda Primary School | | 1,300,000 | | 1,300,000 | 1,300,000.00 | 0 |
| Gajani Primary School | | 1,298,965 | | 1,298,965 | 1,298,965.00 | 0 |
| Mwele Primary School | | 1,000 | | 1,000 | 1,000.00 | 0 |
| Mwachema Primary School | | 201 | | 201 | 201.00 | 0 |
| Mkumbi Primary School | | 300,000 | | 300,000 | 299,000.00 | 1,000 |
| Ganze Primary School | | 400,000 | | 400,000 | 399,000.00 | 1,000 |
| Umoja Primary School | | 300,000 | | 300,000 | 299,000.00 | 1,000 |
| Mkunguni Primary School | | 500,000 | | 500,000 | 500,000.00 | 0 |
| Kipambani Primary School | | 2,000,000 | | 2,000,000 | 2,000,000.00 | 0 |
| Dima Primary School | | 2,000,000 | | 2,000,000 | 2,000,000.00 | 0 |
| Deri Primary School | | 1,300,000 | | 1,300,000 | 1,247,482.00 | 52,518 |
| Mkumbi Primary School | | 2,000,000 | | 2,000,000 | 1,999,722.00 | 278 |
| Kilindini Primary School | | 1,300,000 | | 1,300,000 | 1,299,983.00 | 17 |
| Kilindini Primary School | | 1,300,000 | | 1,300,000 | 1,271,105.00 | 28,895 |
| Mangawani Primary School | 1,500,000 | 3,422,360 | 0 | 4,922,360 | 2,334,360.00 | 2,588,000 |
| Waa Primary School | 3,000,000 | 2,200,000 | | 5,200,000 | 5,099,446.00 | 100,554 |
| Ziwani Primary School | 900,000 | 7,117,233 | 0 | 8,017,233 | 2,494,368.00 | 5,522,865 |
| Mwaligulu Primary School | | 500,000 | | 500,000 | 500,000.00 | 0 |
| Lwara Primary School | | 1,300,000 | | 1,300,000 | 1,291,063.00 | 8,937 |
| Mbegani Primary School | | 1,300,000 | | 1,300,000 | 1,274,020.00 | 25,980 |
| Mkunguni Primary School | | 1,300,000 | | 1,300,000 | 1,235,916.00 | 64,084 |
| Mbadzi Primary School | | 1,300,000 | | 1,300,000 | 1,295,041.00 | 4,959 |
| Chidzumu Primary School | 0 | 3,133,892 | 0 | 3,133,892 | 3,133,424.00 | 468 |
| Zibani Primary School | 0 | 3,982,121 | 0 | 3,982,121 | 3,981,522.00 | 599 |
| Deri Primary School | 0 | 2,600,000 | | 2,600,000 | 2,542,027.00 | 57,973 |
| Magombani Primary School | 0 | 2,600,000 | | 2,600,000 | 2,599,702.95 | 297 |

National Government Constituencies Development Fund (NGCDF)
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| | | | | | | |
|----------------------------------|-------------------|-------------------|----------|-------------------|-------------------|-------------------|
| Mbegani Primary School | 0 | 1,300,000 | | 1,300,000 | 1,239,381.00 | 60,619 |
| Mwadinda Primary School | 2,000,000 | 0 | | 2,000,000 | 1,999,666.00 | 334 |
| Mwaluvanga Pry School | 2,000,000 | 0 | | 2,000,000 | 1,998,575.00 | 1,425 |
| Kajiweni Primary School | 2,000,000 | 0 | | 2,000,000 | 1,998,000.00 | 2,000 |
| Makobe Primary School | 2,000,000 | 0 | | 2,000,000 | 1,899,503.00 | 100,497 |
| Miatsani Primary School | 2,000,000 | 0 | | 2,000,000 | 1,999,594.00 | 406 |
| Jorori Primary School | 2,000,000 | 0 | | 2,000,000 | 1,898,413.00 | 101,587 |
| Kwale Primary School | 2,500,000 | 2,000,000 | | 4,500,000 | 1,805,521.00 | 2,694,479 |
| Mwachema Primary School | 2,000,000 | 0 | | 2,000,000 | 1,898,677.00 | 101,323 |
| Tangini Primary School | 1,300,000 | 0 | | 1,300,000 | 643,625.00 | 656,375 |
| Burani Primary School | 4,000,000 | 0 | | 4,000,000 | - | 4,000,000 |
| Sub-total | 27,200,000 | 52,837,918 | - | 80,037,918 | 63,859,449 | 16,178,469 |
| 4.2 Secondary Schools | | | | | | |
| Mkongani Secondary School | 0 | 4,874 | | 4,874 | 4,874 | - |
| Mwaluphamba Secondary School | 0 | 2,615 | | 2,615 | 2,615.00 | - |
| Mtsamviani Secondary School | 0 | 772,953 | | 772,953 | 772,953.00 | - |
| Tandaza Model Secondary School | 0 | 707,040 | | 707,040 | 150,000 | 227,890 |
| Tserezani Secondary School | 0 | 1,031 | | 1,031 | 1,031 | - |
| Stephen Kanja Secondary School | 0 | 26,956 | | 26,956 | 2,089 | 24,867 |
| Kibuyuni Secondary School | 0 | 150,790 | | 150,790 | 150,790 | - |
| Burani Girls Secondary School | 0 | 1,200,031 | | 1,200,031 | 1,200,031 | - |
| Chitsanze Girls Secondary School | 0 | 1,183,300 | | 1,183,300 | 1,183,300 | - |
| Mwaluvanga Secondary School | 0 | 1,386,550 | | | 1,384,099 | 2,451 |

National Government Constituencies Development Fund (NGCDF)
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| | | | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| | | | | 1,386,550 | | |
| Tandaza Model Secondary | 27,500,000 | 0 | 25,400,000 | 52,900,000 | 28,718,472 | 18,510,678 |
| Tsimba Secondary School | 500,000 | 0 | | 500,000 | 499,575 | 425 |
| Mtsamviani Secondary School | 3,000,000 | 0 | | 3,000,000 | 1,998,685 | 1,001,315 |
| Stephen Kanja Secondary | 500,000 | | | 500,000 | 499,000 | 1,000 |
| Kwale Girls Secondary School | 3,000,000 | 0 | | 3,000,000 | 1,863,853 | 1,136,147 |
| Kibuyuni Secondary School | 3,000,000 | 0 | | 3,000,000 | 2,848,704 | 151,296 |
| Sub-total | 37,500,000 | 5,436,140 | 25,400,000 | 68,336,140 | 41,280,071 | 21,056,069 |
| 4.3 Tertiary Institutions | | | | | | |
| Matuga TVET | 2,000,000 | | | 2,000,000 | 740,301 | 1,259,699 |
| Sub-total | 2,000,000 | 0 | 0 | 2,000,000 | 740,301 | 1,259,699 |
| Total | 66,700,000 | 58,274,058 | 25,400,000 | 150,374,058 | 105,879,821 | 38,494,237 |
| 5.0 Other Grants and Transfers | | | | | | |
| 5.1 Bursary Secondary | 45,000,000 | 9,765,228 | | 54,765,228 | 51,342,097 | 3,423,131 |
| 5.2 Bursary Tertiary | 10,000,000 | 0 | | 10,000,000 | 10,000,000 | 0 |
| 5.4 Social Security Programs | 4,000,000 | 118,000 | | 4,118,000 | 4,118,000 | 0 |
| Sub-total | 59,000,000 | 9,883,228 | 0 | 68,883,228 | 65,460,097 | 3,423,131 |
| 5.5 Emergency | | | | | | |
| Mkumbi Primary School | 0 | 2,550 | | 2,550 | 2,550.00 | 0 |
| Umoja Primary School | 0 | 1,000 | | 1,000 | 1,000.00 | 0 |
| Mbuguni Primary School | 0 | 1,170 | | 1,170 | 1,170.00 | 0 |
| Mteza Central Primary School | 0 | 1,031 | | 1,031 | 1,031.00 | 0 |
| Vyongwani Primary School | 0 | 970 | | 970 | 970.00 | 0 |
| Vyongwani Primary School | 0 | 4,453 | | 4,453 | 4,453.00 | 0 |

Regional Government Constituencies Development Fund (NGCDF)
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| | | | | | | |
|------------------------------|------------------|------------------|----------|-------------------|------------------|------------------|
| Kinarini Primary School | 0 | 2,000 | | 2,000 | 2,000.00 | 0 |
| Tandaza Model Secondary | - | 500,000 | | 500,000 | 500,000.00 | 0 |
| Matuga NGCDF Office | - | 1,000,000 | | 1,000,000 | 999,000.00 | 1,000 |
| Matuga TVET | - | 100,000 | | 100,000 | 100,000.00 | 0 |
| Matuga TVET | - | 329,569 | | 329,569 | 329,569.00 | 0 |
| Matuga TVET | - | 200,000 | | 200,000 | 200,000.00 | 0 |
| Ganze Primary School | - | 300,000 | | 300,000 | 300,000.00 | 0 |
| Umoja Primary School | - | 200,000 | | 200,000 | 200,000.00 | 0 |
| Umoja Primary School | 200,000.00 | | | 200,000 | 200,000.00 | 0 |
| Mkumbi Primary School | 300,000.00 | | | 300,000 | 300,000.00 | 0 |
| Boyani Primary School | 3,500,000 | | | 3,500,000 | 3,498,115.00 | 1,885 |
| Tandaza Primary School | 2,000,000 | | | 2,000,000 | 1,998,115.00 | 1,885 |
| Bank Charges | 3,581.75 | | | 3,582 | - | 3,582 |
| Lunguma Primary School | 200,000 | | | 200,000 | - | 200,000 |
| Kinarini Primary School | 200,000 | | | 200,000 | - | 200,000 |
| Un-allocated | 3,040,731 | | | 3,040,731 | | 3,040,731 |
| Sub-total | 9,444,313 | 2,642,743 | 0 | 12,087,056 | 8,637,973 | 3,449,083 |
| 5.6 Security Projects | | | | | | |
| Ng'ombeni Police Post | 0 | 1,470 | | 1,470 | 1,470.00 | 0 |
| Kipambani Chief Office | 0 | 149,920 | | 149,920 | 149,920 | 0 |
| Kombani Police Station | 0 | 50,469 | | 50,469 | 50,469 | 0 |
| Matuga DCC Office | 0 | 600 | | 600 | 600 | 0 |
| Boyani Chief Office | 0 | 748,067 | | 748,067 | 748,067 | 0 |

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| | | | | | | |
|---|-------------------|-------------------|----------|-------------------|-------------------|-------------------|
| Tiwi Chief Office | 0 | 721,538 | | 721,538 | 721,538 | 0 |
| Lukore Police Post | 300,000 | 500,000 | 0 | 800,000 | 500,000 | 300,000 |
| Simkumbe Asst Chief Office | 1,500,000 | 0 | | 1,500,000 | 1,499,871 | 129 |
| Kizibe Assistant Chief Office | 1,500,000 | 0 | | 1,500,000 | 994,919 | 505,081 |
| Mtsamviani Chief Office | 1,500,000 | 0 | | 1,500,000 | 1,500,000 | 0 |
| Msulwa Chief Office | 1,500,000 | 0 | | 1,500,000 | 0 | 1,500,000 |
| Shimba Hills DCC Office | 1,500,000 | 0 | | 1,500,000 | 0 | 1,500,000 |
| Golini Chiefs Office | 1,500,000 | 0 | | 1,500,000 | 0 | 1,500,000 |
| Sub-total | 9,300,000 | 2,172,064 | 0 | 11,472,064 | 6,166,854 | 5,305,210 |
| 5.7 Climate Change Mitigation Measures | | | | | | |
| Matuga Constituency Environment Committee | 0 | 137 | | 137 | 137 | 0 |
| Climate Change PMC | 0 | 0 | | 0 | | 0 |
| Sub-total | 0 | 137 | 0 | 137 | 137 | 0 |
| Total | 77,744,313 | 14,698,172 | 0 | 92,442,485 | 80,265,061 | 12,177,424 |
| 6.0 Digital Hubs | | | | | | |
| Waa/ Ng'ombeni Ward Digital Hub (Kombani Chief's Office compound) | 4,000,000 | | | 4,000,000 | 0 | 4,000,000 |
| Mkongani Ward Digital Hub (Mkongani Chief's Office compound) | 4,000,000 | | | 4,000,000 | 1,279,438 | 2,720,562 |
| Kubo South Ward Digital Hub (Lukore Chief's Office compound) | 4,000,000 | | | 4,000,000 | 0 | 4,000,000 |
| Tsimba/Golini Ward Digital Hub (Kwale primary school) | 1,000,000 | 126,114 | | 1,126,114 | 126,114 | 1,000,000 |
| Total | 13,000,000 | 126,114 | 0 | 13,126,114 | 1,405,552 | 11,720,562 |
| 7.0 Acquisition of Assets | | | | | | |
| Matuga NGCDF Office PMC | 0 | 1,000 | 0 | 1,000 | 0 | 1,000 |
| NGCDF Office Motorcycle | 0 | 500,000 | 0 | 500,000 | 414,000.00 | 86,000 |
| Total | 0 | 501,000 | 0 | 501,000 | 414,000 | 87,000 |
| 7.0 Sports | | | | | | |
| Matuga Constituency Sports PMC | | 12,777 | 0 | 12,777 | 12,777.00 | 0 |

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| | | | | | | |
|---|--------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| Total | 0 | 12,777 | 0 | 12,777 | 12,777 | 0 |
| 7.0 Strategic Plan | | | | - | | - |
| Matuga Constituency Strategic Plan | | 980 | 0 | 980 | 980.00 | 0 |
| Total | 0 | 980 | 0 | 980 | 980 | 0 |
| 8.0 Unallocated fund | | | | | | |
| Unapproved projects | | | | | | - |
| Matuga Climate Change Mitigation Measures | 4,000,000 | | | 4,000,000 | | 4,000,000 |
| Matuga Education Day Project | 2,000,000 | | | 2,000,000 | | 2,000,000 |
| AIA | 0 | 0 | 0 | 0 | 0 | 0 |
| PMC savings | 0 | 0 | | 0 | 0 | 0 |
| Total | 6,000,000 | 0 | 0 | 6,000,000 | 0 | 6,000,000 |
| TOTAL | 179,441,954 | 74,965,892 | 25,400,000 | 279,807,846 | 203,849,427 | 69,958,419 |

(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's totals should tie to the totals of the Statement of Comparison of Budget and Actual Amount

16. Notes to the Financial Statements

1. General information

The National Government Constituencies Development Fund (NGCDF) formerly Constituencies Development Fund (CDF), is established by and derives its authority and accountability from the NGCDF Act 2015 (amended 2023). The NGCDF is wholly owned by the Government of Kenya and is domiciled in Kenya. The NGCDF Matuga Constituency is to target grassroots development, funding education, security institutions, bursaries, and community initiatives.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for the measurement at revalued 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 NGCDF'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 NGCDF Matuga has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach; therefore, this is the 1st transitional financial statement. (The NGCDF Matuga has recognized all financial assets, which include cash and cash equivalents for the operational account, deposit account, and PMC balances, receivables (owing from the Board and others), prepayments, PPE, and intangible assets acquired in FY 2023/2024 to the date of reporting. Liabilities recognized include trade and other payables, third-party

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deposits, and gratuity provisions. Recognition of all other non-financial assets acquired in the FY prior to 2023/2024 to be recognized in the third year of transition after identification and valuations have been done).

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

3. Adoption of New and Revised Standards

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

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

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

| | |
|---------------------------|---|
| IPSAS 43: Leases | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information provides a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance, and cash flow of an entity.</p> <p>The new standard requires entities to recognize, measure, and present information on right of use assets and lease liabilities.</p> <p><i>This IPSAS is not applicable to the constituency this F/Y</i></p> |
| IPSAS 44: Non- Current | <p><i>Applicable 1st January 2025</i></p> <p>The standard requires:</p> |

| | |
|---|---|
| <p>Assets Held for Sale and Discontinued Operations</p> | <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale are to be presented separately in the statement of financial position, and the results of discontinued operations are to be presented separately in the statement of financial performance.</p> <p><i>This IPSAS is not applicable to the constituency this F/Y</i></p> |
| <p>IPSAS 45: Property, Plant, and Equipment</p> | <p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant, and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets, and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance, and illustrative examples. The standard has clarified existing principles, e.g., valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The IPSAS will be adopted effective 1st July 2025</i></p> |
| <p>IPSAS 46: Measurement</p> | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard is to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending, where appropriate, guidance across IPSAS related to |

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

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

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized upon 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 recognized 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 for 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 5th March 2024 for the period 1st July 2024 to 30th June 2025 as required by law. Included in the adjustments are the 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. 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 amortized 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 an 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 the 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 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 in which the entity manages financial assets with the objective of realizing cash flows solely through 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 labor and a proportion of manufacturing overhead based on 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 needs 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 triannually on a projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a 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.

a) 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.

b) Comparative figures

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

c) 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 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.

(include provisions applicable for your organization, e.g. provision for bad debts, provisions for obsolete stocks, and how management estimates these provisions.

6. Transfers from the NGCDF Board

| Description | | 2024-2025 |
|--|--|--------------------|
| NGCDFB Transfers (Allocation for the FY) | | 179,441,954 |
| Total | | 179,441,954 |

7. Transfers from domestic and foreign partners

| Description | | 2024-2025 |
|--------------|--|-----------|
| Grants | | - |
| Total | | - |

8. Finance income

| Description | | 2024-2025 |
|----------------------------------|--|-----------|
| Interest Income on Bank Deposits | | - |
| Total | | - |

(Provide a brief explanation for this revenue)

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9. Miscellaneous income

| | |
|--|----------|
| Rental Income | – |
| Income from the sale of tenders | – |
| Hire of plant/equipment/facilities | – |
| Other Income Not Classified Elsewhere (<i>specify</i>) | – |
| Total | – |

10. Employees cost

| | |
|--|------------------|
| NG–CDFC Basic staff salaries | 3,437,354 |
| Personal allowances paid as part of salary | – |
| House Allowance | 417,000 |
| Transport Allowance | 492,000 |
| Leave allowance | – |
| Gratuity to contractual employees | 822,976 |
| Employer Contributions: Compulsory national social security schemes | 205,584 |
| Employer Contributions: Compulsory Housing levy | 53,460 |
| Employer contributions to the National Industrial Training Authority | – |
| Other Specify | – |
| Total | 5,428,374 |

11. Committee Expenses

| | |
|--------------------------|------------------|
| | |
| Sitting allowance | 3,248,000 |
| Other Committee expenses | 1,600,000.00 |
| Total | 4,848,000 |

12. Use of Goods and Services

| | |
|--|------------------|
| | |
| Utilities, supplies, and services | – |
| Communication, supplies, and services | 100,000 |
| Domestic travel and subsistence | 1,860,000.00 |
| Printing, advertising, and information supplies & services | – |
| Office Rent | – |
| Training expenses | 1,107,190 |
| Hospitality supplies and services | 300,000 |
| Insurance costs | 149,268 |
| Specialized materials and services | – |
| Office and general supplies and services | 1,077,672 |
| Fuel, oil, & lubricants | 600,000 |
| Bank charges | 100,000 |
| Routine maintenance – vehicles and other transport equipment | 300,000 |
| Routine maintenance – other assets | – |
| Strategic plan expenses | – |
| Other operating expenses | – |
| Total | 5,594,130 |

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13. Other Government Units Actual Expenditure

| | |
|--|--------------------|
| Primary Schools Actual Expenditure | 64,347,663 |
| Secondary Schools Actual Expenditure | 44,518,323 |
| Tertiary Institutions Actual Expenditure | 740,301 |
| Total | 109,606,287 |

14. Other Grants and Transfers Actual Expenditure

| | |
|--|-------------------|
| Bursary – secondary schools | 48,182,830 |
| Bursary – tertiary institutions | 10,000,000 |
| Bursary – special schools | – |
| Bursary – Education Support programmes | – |
| Social Security programmes (SHIF) | 4,118,000 |
| Security Projects Actual Expenditure | 5,919,964 |
| Climate change mitigation projects | 3,996,137 |
| Emergency Projects Actual Expenditure | 8,637,973 |
| Roads Projects Actual Expenditure | – |
| Others specify | – |
| Total | 80,854,904 |

15. Depreciation and Amortization Expenses

| | |
|--------------------------------|----------------|
| | |
| Property, Plant, and Equipment | 219,000 |
| Intangible Assets | - |
| Total | 219,000 |

16. Digital Hubs Expenses

| | |
|--|------------------|
| | |
| Construction/Renovation/ Actual Expenditure | 1,411,050 |
| Digital Hub Utility Costs: Water, Electricity, | - |
| Maintenance of ICT Equipment, | - |
| Maintenance of Building, | - |
| Others (<i>specify</i>) | - |
| Total | 1,411,050 |

17. Gain/Loss on Sale of Assets

| | |
|--|----------|
| | |
| Property, Plant, and Equipment | - |
| Intangible Assets | - |
| Total Gain/Loss on Sale of Assets | - |

(Provide a brief explanation of gains on the sale of fixed assets)

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18. Impairment Loss

| | |
|--|----------|
| Property, Plant, and Equipment | - |
| Intangible Assets | - |
| <i>(Include financial instruments that are impaired)</i> | - |
| Total Impairment Loss | - |

(Provide a brief explanation of asset impairment loss)

19. Cash and Cash Equivalents

| | | |
|--|-------------------|-------------------|
| Bank Accounts (Cash Book Bank Balance) | | |
| <i>Name of Bank, Account No. (Operations account) – KCB Bank –1324147830</i> | 33,105,559 | 52,582,821.00 |
| <i>Operations account pending closure (Indicate name & account no.)</i> | - | - |
| <i>Name of Bank, Account No. (Deposit account) – Equity Bank – 1580285212344</i> | 1,165,882 | - |
| <i>Name of Bank, Account No. (PMC accounts)</i> | 35,686,978 | 22,383,070.80 |
| Total | 69,958,419 | 74,965,892 |
| Cash Balances | | |
| Location 1 | - | - |
| Location 2 | - | - |
| Other Locations <i>(Specify)</i> | - | - |
| Total | - | - |
| <i>[Provide Cash Count Certificates for Each]</i> | | |

A schedule of all reconciled PMC bank balances at the end of the period has been provided in Annex 2

20. Receivables from Exchange Transactions

| | | |
|---|----------|----------|
| | | |
| Total receivables | | |
| Other exchange debtors (<i>Specify</i>) | - | - |
| Less: impairment allowance | - | - |
| Total receivables | - | - |
| a. Current receivables | - | - |
| b. Non-current receivables | - | - |
| Total Receivables (a+b) | - | - |

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

i. Ageing Analysis for Receivables

| | Current FY | % of the total | Opening Balance | % of the total |
|--------------------|------------|----------------|-----------------|----------------|
| Less than 1 year | - | % | - | % |
| Between 1- 2 years | - | % | - | % |
| Between 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (a+b) | - | % | - | % |

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21. Receivables from Non-Exchange Transactions

| | | | | |
|---|--------------------------|-----------------------|------------------------|-----------------------|
| | | | | |
| Transfers from NGCDFB | 6,000,000 | | 25,400,000.00 | |
| Outstanding imprest | - | | - | |
| Total | 6,000,000 | | 25,400,000 | |
| | | | | |
| Ageing Analysis – Receivables from non-exchange transactions | Insert Current FY | % of the total | Opening Balance | % of the total |
| Less than 1 year | 6,000,000 | 100% | 25,400,000 | 100% |
| Between 1-2 years | - | 0% | - | 0% |
| Over 3 years | - | 0% | - | 0% |
| Total | 6,000,00 | 100% | 25,400,000 | 100% |

22. Prepayments

| | | |
|--------------------------------------|------------|----------|
| | | |
| Prepaid Rent | - | - |
| Prepaid Insurance | 732 | - |
| Prepaid Electricity Costs | - | - |
| Other Prepayments (<i>Specify</i>) | - | - |
| Total | 732 | - |

23. Property, Plant, and Equipment

| Depreciation Rate | | 10% | 25.00% | 20% | 12.50% | 30.00% | | | |
|--|------|------|---------|------|--------|---------|------|------|---------|
| Cost | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| Opening Bal as of 1 st July 2024 | | | | | - | 550,000 | - | - | 550,000 |
| Additions | - | - | 414,000 | - | - | - | - | - | 414,000 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfer/Adjustments | - | - | - | - | - | - | - | - | - |
| As of 30 Dec 2024 | - | - | 414,000 | - | - | 550,000 | - | - | 964,000 |
| Depreciation and Impairment | | | | | | | | | |
| Opening Bal accumulated depreciation 1st July 2024 | - | - | - | - | - | 165,000 | - | - | 165,000 |
| Depreciation | - | - | 103,500 | - | - | 115,500 | - | - | 219,000 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - | - |
| Transfer/Adjustment | - | - | - | - | - | - | - | - | - |
| As of 30 June 2025 | - | - | 103,500 | - | - | 280,500 | - | - | 384,000 |
| Net Book Values | | | | | | | | | |
| Opening Bal as of 1 st July 2024 | - | - | - | - | - | 385,000 | - | - | 385,000 |
| As of 30 June 2025 | - | - | 310,500 | - | - | 269,500 | - | - | 580,000 |

Valuation

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

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:

| | | | |
|---|----------------|----------------|----------------|
| Land | - | - | - |
| Buildings | - | - | - |
| Plant and Machinery | - | - | - |
| Motor Vehicles, Including Motorcycles | 414,000 | 103,500 | 310,500 |
| Computers and Related Equipment | 550,000 | 280,500 | 269,500 |
| Office Equipment, Furniture, and Fittings | - | - | - |
| Total | 964,000 | 384,000 | 580,000 |

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

| | | |
|---|----------|----------|
| Plant and Machinery | - | - |
| Motor Vehicles, Including Motorcycles | - | - |
| Computers and Related Equipment | - | - |
| Office Equipment, Furniture, and Fittings | - | - |
| Total | - | - |

24. Intangible Assets

| | |
|--|---|
| | |
| Cost | |
| Opening balance at 1 st July 2024 | - |
| Additions | - |
| Disposal | - |
| At the end of 2025 | - |
| Amortization and impairment | |
| At the beginning of the year | - |
| Amortization | - |
| At the end of the year | - |
| Impairment loss | - |
| At the end of the year | - |
| NBV at July 1 st 2024 | - |
| NBV at June 30 th 2025 | |

25. Right-of use assets

| | | | | |
|---|---|---|---|---|
| | | | | |
| Cost | | | | |
| As of July 1 (comparative period) | - | - | - | - |
| Additions | - | - | - | - |
| As of June 30,2024 (comparative period) | - | - | - | - |
| Additions | - | - | - | - |
| As of June 30,2025 (Current FY) | - | - | - | - |
| | | | | |

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| | | | | |
|---|---|---|---|---|
| Accumulated Depreciation | | | | |
| As of July 1 July 2024 (Comparative period) | - | - | - | - |
| Charge for the period | - | - | - | - |
| As of June 30 June 2025 (Comparative period)) | - | - | - | - |
| Charge for the period | - | - | - | - |
| As of June 30,2025 (Current FY) | - | - | - | - |
| | | | | |
| Carrying Amount | | | | |
| As of June 30,2025 (Current FY) | - | - | - | - |
| As of June 30 June 2025. (Comparative period) | - | - | - | - |

26. Trade and Other Payables

| | | | | |
|---|-------------------|-----------------------|----------------------------|-----------------------|
| | | | | |
| Trade payables | | | | |
| Employee payables | | | | |
| Other payables | | | | |
| Total trade and other payables | | | | |
| | | | | |
| Aging analysis: (Trade and other payables) | Current FY | % of the Total | 1st July | % of the Total |
| Under one year | - | % | - | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (tie to above total) | | | | |

27. Third-Party Deposits

| | |
|--|-----------|
| Retention as of 1 st July (A) | 2,750,556 |
| Retention held during the year (B) | 9,600,351 |
| Retention paid during the year (C) | 6,115,277 |
| Closing Retention as of 30 th June D= A+B-C | 6,235,630 |

Retention aging analysis.

| | 2024 | 2023 | Comparative | 2024 |
|------------------|----------|----------|-------------|----------|
| | Amount | Amount | % | % |
| 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

| | | |
|--------------------------------------|---|---|
| Balance at the beginning of the year | – | – |
| Discount interest on lease liability | – | – |
| Paid during the year | – | – |
| At the end of the year | – | – |

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Maturity Analysis

| Period | |
|-------------------------|---|
| Year 1 | – |
| Year 2 | – |
| Year 3 | – |
| Year 4 | – |
| Year 5 and onwards | – |
| Less: Unearned Interest | – |
| | – |

Analysed as:

| Category | |
|--------------|---|
| Current | – |
| Non- Current | – |
| Total | – |

29. Gratuity Provision

| | |
|---|---------------------|
| Gratuity at the beginning of the year 1 st of July | 342,907 |
| Gratuity held during the year | 822,976 |
| Gratuity paid during the year | – |
| Total Gratuity Provision 30th June 2025 (A+B-C) | 1,165,882.10 |

30. Cash Generated from Operations

| | |
|--|---------------------|
| Surplus/Deficit for the year | (28,519,791) |
| Adjusted for: | |
| Depreciation | 219,000 |
| Impairment | – |
| Gains and losses on disposal of assets | – |
| | |
| Working capital adjustments | |
| Increase/decrease in receivables | 19,399,268 |
| Increase/decrease in third-party deposits | 3,485,074 |
| Increase/decrease in payables | – |
| Changes in gratuity provision | 822,976 |
| Net cash flow from operating activities | (4,593,473) |

(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 the effects of changes in foreign currency. The Entity's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimize the potential adverse effects 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, 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 their financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments 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 into account the value of any collateral obtained, is made up as follows:

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| | | | | |
|--|------------|------------|---|---|
| As of 30th June 2025 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | 6,000,000 | 6,000,000 | - | - |
| Bank balances | 69,958,419 | 69,958,419 | - | - |
| Total | - | - | - | - |
| As of June 30 2024 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | 25,400,000 | 25,400,000 | - | - |
| Bank balances | 74,965,892 | 74,965,892 | - | - |
| Total | - | - | - | - |

(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 entity has a significant concentration of credit risk on amounts due from the NGCDF Board. 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.

| | 2025 | 2024 | 2023 | 2022 |
|--|----------|----------|---------------------|----------|
| As of 30th June 2025 | | | | |
| Trade payables | – | – | 6,235,630 | – |
| Current portion of borrowings | – | – | – | – |
| Provisions | – | – | – | – |
| Deferred income | – | – | – | – |
| Gratuity Provision | – | – | 1,165,882.10 | – |
| Total | – | – | 7,401,512.10 | – |
| As of 30th June 2024 | | | | |
| Trade payables | – | – | 2,750,556 | – |
| Current portion of borrowings | – | – | – | – |
| Provisions | – | – | – | – |
| Deferred income | – | – | – | – |
| Gratuity Provision | – | – | 342,906.50 | – |
| Total | – | – | 3,093,462.50 | – |

iii) Market risk

The *Entity* has put in place an internal audit function to assist it in assessing the risks faced by the Entity on an ongoing basis, evaluating and testing 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 rates, equity prices, and foreign exchange rates, which will affect the Entity's income or the value of its holdings 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 the 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 made in currencies other than the local currency. Invoices denominated in foreign currencies are paid 30 days after 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 expected sales proceeds and matching them with expected payments.

Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income when applying the sensitivity for a reasonably 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.

| | | | |
|--------------------|-----|---|---|
| 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 value hierarchy.

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

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- 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 the following funds:

| | | |
|--|-------------------|------------|
| Revaluation Reserve | 97,657,429 | 97,657,429 |
| Retained Earnings | (28,519,791) | – |
| Capital Reserve | – | – |
| Total Funds | 69,137,639 | – |
| Total Borrowings | – | – |
| Less: Cash and Bank Balances | 69,958,419 | 74,965,892 |
| Net Debt/ (Excess Cash and Cash Equivalents) | (820,780) | – |
| Gearing | 0% | 0% |

32. Related Party Disclosures

| | | |
|--|-----------------------|----------|
| | | |
| Committee Members Remuneration | | |
| Sitting allowance of committee members during the year | 4,848,000 | – |
| | | |
| Transaction with the NGCDF Board | | |
| Transfers from the NGCDF Board during the year | 198,841,954.00 | – |
| Total | 198,841,954.00 | – |

33. Segment Information

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

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34. Contingent Assets and Contingent Liabilities

Contingent Assets

| | | |
|--|----------|----------|
| 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

| | | |
|---|----------|----------|
| Contingent Liabilities | – | – |
| Court Case Against the Entity | – | – |
| Bank Guarantees in Favor of Subsidiary | – | – |
| Contingent Liabilities Arising from Contracts, Including PPPs | – | – |
| Others (Specify) | – | – |
| Total | – | – |

35. Capital Commitments

| | | |
|-------------------------------|---|---|
| Authorised for | - | - |
| Authorised and Contracted for | - | - |
| Total | - | - |

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be 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 Matuga Constituency is a fund under the National Treasury and Planning & managed by NGCDFB at the national level and the NGCDFC 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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17. Annexes

Annex 1: Summary of Asset Register

| Asset class | Historical Cost b/f (Kshs) 2023-2024 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost (Kshs) At Year End 2024-2025 | Cumulative Depreciation | Net Book Value (Kshs) At Year End 2024-2025 |
|---|--------------------------------------|----------------------------------|----------------------------------|--|-------------------------|---|
| Land Buildings, and Structures | 15,322,983 | - | - | 15,322,983 | 0 | 15,322,983 |
| Transport Equipment | 5,500,000 | 414,000 | - | 5,914,000 | (103,500) | 5,810,500 |
| Office Equipment, Furniture, and Fittings | 2,934,650 | - | - | 2,934,650 | 0 | 2,934,650 |
| ICT Equipment, Software, and Other ICT Assets | 1,797,990 | - | - | 1,797,990 | (280,500) | 1,517,490 |
| Other Machinery and Equipment | - | - | - | - | 0 | - |
| Intangible Assets | - | - | - | - | 0 | - |
| Total | 25,555,623 | 414,000 | - | 25,969,623 | (384,000) | 25,585,623 |

(Attach the complete asset register showing all the assets in the constituency with the date of purchase, cost of the asset, depreciation rate, depreciation for the year, accumulated depreciation, and the NBV of the assets)

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| | | | |
|---|----------------|----------------|----------------|
| Land | - | - | - |
| Buildings | - | - | - |
| Plant and Machinery | - | - | - |
| Motor Vehicles, Including Motorcycles | 414,000 | 103,500 | 310,500 |
| Computers and Related Equipment | 550,000 | 280,500 | 269,500 |
| Office Equipment, Furniture, and Fittings | - | - | - |
| Total | 964,000 | 384,000 | 580,000 |

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

| | | PMC Bank Balances As At 30 th June 2025 | | |
|----------------------------|----------------|---|--|--------|
| Zunguluka Primary School | Equity - Kwale | 1580254653307 | | 1,600 |
| Kizimbani Primary School | Equity - Kwale | 1580284226804 | | 1,630 |
| Mbuguni Primary School | Equity - Kwale | 1580284319911 | | 16,400 |
| Mwagodzo Primary School | Equity - Kwale | 1580284199677 | | 6,211 |
| Gopha Primary School | Equity - Kwale | 1580284326545 | | 167 |
| Yeje Primary School | Equity - Kwale | 1580284354572 | | 1,591 |
| Vuga primary School | Equity - Kwale | 1580281776918 | | 1,149 |
| Zibani Primary School | Equity - Kwale | 1580284422942 | | 15,000 |
| Mtsangatamu Primary School | Equity - Kwale | 1580284446864 | | 857 |
| Tangini Primary School | Equity - Kwale | 1580284387349 | | 590 |
| Vinuni Primary School | Equity - Kwale | 1580284419151 | | 1,126 |
| Katangini Primary School | Equity - Kwale | 1580284386197 | | 207 |
| Kilindini Primary School | Equity - Kwale | 1580284391630 | | 340 |
| Chirimani Primary School | Equity - Kwale | 1580284488059 | | 1,689 |
| Jaramogi Primary School | Equity - Kwale | 1580284407714 | | 56,628 |
| Magwasheni Primary School | Equity - Kwale | 1580284430053 | | 11 |
| Makobe Special Unit | Equity - Kwale | 1580284610528 | | 3,053 |
| Myugutu Primary School | Equity - Kwale | 1580284850759 | | 1,463 |

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| | | | | |
|-----------------------------|----------------|---------------|--|-----------|
| Sabrina Primary School | Equity - Kwale | 1580284827345 | | 108 |
| Mnyalatsoni Primary School | Equity - Kwale | 1580254983686 | | 1,666 |
| Vyongwani Primary School | Equity - Kwale | 1580285365751 | | 104,230 |
| Matuga Primary School | Equity - Kwale | 158028527719 | | 95,796 |
| Umoja Primary School | kcb - kwale | 1326909576 | | 1,300,000 |
| Kichakasimba Primary School | kcb - kwale | 1326907762 | | 385 |
| Mbweka Primary School | kcb - kwale | 1326909606 | | 1,342,628 |
| Lwara Primary School | kcb - kwale | 1326908306 | | 757,975 |
| Dzanikeni Primary School | kcb - kwale | 1326909843 | | 915,818 |
| Voroni Primary School | kcb - kwale | 1326909614 | | 186,251 |
| Lukore Primary School | kcb - kwale | 1326909770 | | 98,508 |
| Chipinda Primary School | kcb - kwale | 1327674734 | | 1,300,000 |
| Gajani Primary School | kcb - kwale | 1326909819 | | 1,298,965 |
| Mwele Primary School | Equity - Kwale | 1580285337448 | | 1,000 |
| Mwachema Primary School | Equity - Kwale | 1580284348070 | | 201 |
| Mangawani Primary School | Equity - Kwale | 1580284658565 | | 1,222,360 |
| Chidzumu Primary School | kcb - kwale | 1326908227 | | 1,870,549 |
| Zibani Primary School | kcb - kwale | 1326908227 | | 1,440,421 |
| Magombani Primary School | kcb - kwale | 1326908286 | | 1,300,000 |

National Government Constituencies Development Fund (NGCDF)
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| | | Account Number | Bank Balance 2024-2025 | Bank Balance 2026-2027 |
|----------------------------------|----------------|----------------|---------------------------|---------------------------|
| Kwale Primary School | kcb - kwale | 1326908367 | | 2,000,000 |
| Mkongani Secondary School | Equity - Kwale | 1580284616179 | | 4,874 |
| Mwaluphamba Secondary School | Equity - Kwale | 1580284361720 | | 2,615 |
| Mtsamviani Secondary School | Equity - Kwale | 1580284319215 | | 772,953 |
| Tandaza Model Secondary School | Equity - Kwale | 1580284312546 | | 707,040 |
| Tserezani Secondary School | Equity - Kwale | 1580282094678 | | 1,031 |
| Stephen Kanja Secondary School | Equity - Kwale | 1580284733144 | | 26,956 |
| Kibuyuni Secondary School | Equity - Kwale | 1580284650364 | | 150,790 |
| Burani Girls Secondary School | kcb - kwale | 1329929497 | | 1,221,546 |
| Chitsanze Girls Secondary School | kcb - kwale | 1326909886 | | 1,224,105 |
| Mwaluvanga Secondary School | kcb - kwale | 1326909975 | | 1,463,795 |
| Ng'ombeni Police Post | Equity - Kwale | 1580284567490 | | 1,470 |
| Kipambani Chief Office | Equity - Kwale | 1580284512239 | | 148,769 |
| Kombani Police Station | Equity - Kwale | 1580284675616 | | 72,683 |
| Matuga DCC Office | Equity - Kwale | 1580285273272 | | 600 |
| Boyani Chief Office | kcb - kwale | 1326910019 | | 748,067 |
| Tiwi Chief Office | kcb - kwale | 1326910035 | | 759,344 |
| Mkumbi Primary School | Equity - Kwale | 1580284983764 | | 2,550 |
| Umoja Primary School | Equity - Kwale | 1580284980347 | | 1,000 |

National Government Constituencies Development Fund (NGCDF)
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| | | Particulars | Particulars | Balance |
|------------------------------------|----------------|---------------|-------------|---------|
| Mbuguni Primary School | Equity - Kwale | 1580285158858 | | 1,170 |
| Mteza Central Primary School | Equity - Kwale | 1580285154910 | | 1,031 |
| Vyongwani Primary School | Equity - Kwale | 1580284895170 | | 970 |
| Vyongwani Primary School | Equity - Kwale | 1580285265781 | | 2,230 |
| Kinarini Primary School | Equity - Kwale | 1580285475604 | | 2,000 |
| Matuga Constituency ICT Hub | Equity - Kwale | 1580285273275 | | 126,114 |
| Matuga Constituency Sports PMC | Equity - Kwale | 1580284440573 | | 12,777 |
| Matuga Constituency Strategic Plan | Equity - Kwale | 1580284695163 | | 980 |
| Deri Primary School | Kcb - Kwale | 1333477651 | 57,973 | |
| Mkumbi Primary School | Kcb - Kwale | 1326909630 | 278 | |
| Kilindini Primary School | Kcb - Kwale | 1326908405 | 17 | |
| Kilindini Primary School | Kcb - Kwale | 1333061919 | 28,895 | |
| Mangawani Primary School | Equity - Kwale | 1580284658565 | 1,084,322 | |
| Waa Primary School | Kcb - Kwale | 1333286740 | 100,554 | |
| Ziwani Primary School | Kcb - Kwale | 1326908146 | 805,632 | |
| Lwara Primary School | Kcb - Kwale | 1333392451 | 8,937 | |
| Mbegani Primary School | Kcb - Kwale | 1334767556 | 26,232 | |
| Mkunguni Primary School | Kcb - Kwale | 1335060340 | 63,958 | |
| Mbadzi Primary School | Kcb - Kwale | 1335059253 | 4,833 | |

National Government Constituencies Development Fund (NGCDF)

Matuga Constituency

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| | | | Bank Balance 2024-2025 | Bank Balance 2025-2026 |
|--------------------------------|----------------|----------------|---------------------------|---------------------------|
| Chidzumu Primary School | Kcb - Kwale | 1326908227 | 342 | |
| Zibani Primary School | Kcb - Kwale | 1326908316 | 599 | |
| Deri Primary School | Kcb - Kwale | 1333477651 | 57,973 | |
| Magombani Primary School | Kcb - Kwale | 1326908286 | 87 | |
| Mbegani Primary School | Equity - Kwale | 15802886031291 | 60,619 | |
| Mwadinda Primary School | Kcb - Kwale | 1339286742 | 208 | |
| Mwaluvanga Pry School | Kcb - Kwale | 1339512117 | 1,299 | |
| Kajiwani Primary School | | | 2,000 | |
| Makobe Primary School | Kcb - Kwale | 1339660504 | 100,371 | |
| Miatsani Primary School | Kcb - Kwale | 1340663198 | 406 | |
| Jorori Primary School | Kcb - Kwale | 1340346036 | 1,097 | |
| Kwale Primary School | Kcb - Kwale | 1326908367 | 2,594,357 | |
| Mwachema Primary School | Kcb - Kwale | 1340136511 | 1,425 | |
| Tangini Primary School | Equity - Kwale | 1580286463253 | 656,375 | |
| Burani Primary School | Kcb - Kwale | 1342423208 | 4,000,000 | |
| Ganze Primary School | Equity - Kwale | 1580285794485 | 2,000 | |
| Umoja Primary School | Equity - Kwale | 1580285794527 | 1,000 | |
| Mkumbi Primary School | Equity - Kwale | 1580285794438 | 1,000 | |
| Tandaza Model Secondary School | Equity - Kwale | 1580284312546 | 507,040 | |

National Government Constituencies Development Fund (NGCDF)
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| Bank Balance | | | | |
|--------------------------------|----------------|---------------|-----------|--|
| Stephen Kanja Secondary School | Equity - Kwale | 1580284733144 | 0 | |
| Tandaza Model Secondary | Kcb - Kwale | 1326909924 | 6,181,528 | |
| Tsimba Secondary School | Kcb - Kwale | 1336815590 | 425 | |
| Mtsamviani Secondary School | Kcb - Kwale | 1336736771 | 1,001,315 | |
| Stephen Kanja Secondary | Equity - Kwale | 1580286123992 | 1,000 | |
| Kwale Girls Secondary School | Equity - Kwale | 1580286129292 | 1,136,147 | |
| Kibuyuni Secondary School | Kcb - Kwale | 1341290972 | 151,296 | |
| Matuga TVET | Kcb - Kwale | 1340663074 | 1,259,699 | |
| Simkumbe Asst Chief Office | Kcb - Kwale | 1339795574 | 129 | |
| Kizibe Assistant Chief Office | Kcb - Kwale | 1340568462 | 505,367 | |
| Msulwa Chief Office | Kcb - Kwale | 1344048226 | 1,500,000 | |
| Shimba Hills DCC Office | Kcb - Kwale | 1344048226 | 1,500,000 | |
| Golini Chiefs Office | Kcb - Kwale | 1341753727 | 1,100,000 | |
| Boyani Primary School | Kcb - Kwale | 1338167154 | 1,885 | |
| Tandaza Primary School | Kcb - Kwale | 1339204290 | 1,885 | |
| Lunguma Primary School | Kcb - Kwale | 1341937878 | 200,000 | |
| Kinarini Primary School | | | 200,000 | |
| Waa/ Ng'ombeni Digital Hub | Equity - Kwale | 1580286509442 | 4,000,000 | |
| Mkongani Ward Digital Hub | Equity - Kwale | 1580286429787 | 2,720,562 | |

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| | | | Bank Balance 2024-2025 | Bank Balance 2023-2024 |
|---------------------------|----------------|---------------|---------------------------|---------------------------|
| Kubo South Digital Hub | Equity - Kwale | 1580286526887 | 4,000,000 | |
| Matuga Climate Change PMC | Equity - Kwale | 1580286061149 | 4,000 | |
| Matuga NGCDF Office PMC | Equity - Kwale | 1580285265503 | 1,000 | |
| Total | | | 35,686,978 | 22,383,071 |

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.

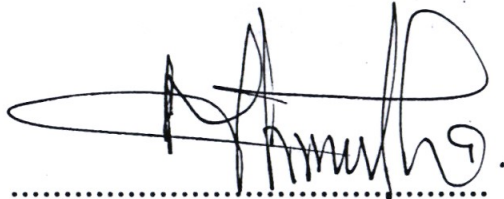
| | Description of Issue | Management Comments | Status | Date Issue Resolved |
|--|--|--|-----------------|---------------------|
| <p>1.0 Unsupported Expenditure on Motor Vehicle Maintenance</p> | <p>The statement of receipts and payments and Note 6 to the financial statements reflect the use of goods and services of kshs.8,787,402. Included in the expenditure is kshs. 338,200 incurred on routine maintenance - motor vehicle and other transport equipment. The expenditure includes payments totaling kshs.125,020 that were not supported by work tickets, pre-inspection and post-inspection reports, requisitions, and ETR receipts for cash payments. Further, included in the expenditure is kshs.614,000 incurred on office and general supplies and services, which includes kshs.200,000 incurred on office and general supplies and services that were not supported by documents.</p> | <p>Expenditure documents had been misplaced during a previous audit by the Internal Audit team. Documents have since been traced and made available for verification.</p> <p>Copies of documents were made available to the auditors for verification.</p> | <p>Resolved</p> | <p>June 2025</p> |
| <p>Budgetary Control and Performance</p> | <p>The summary statement of appropriation for the year ended 30th June, 2024 reflects final receipts budget and actual amounts on a comparable basis of kshs.278,496,079 and kshs.253,096,076 respectively, resulting in under-funding of kshs.25,400,000 or 9.1% of</p> | <p>Delayed disbursement from the NGCDF Board resulted in delayed project implementation. Some funds were received after 30th June 2024</p> | | <p>June 2025</p> |

National Government Constituencies Development Fund (NGCDF)

Matuga Constituency

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| | | | | |
|--|--|---|--|--|
| | <p>the budgeted receipts. Similarly, the fund spent an amount of kshs.200,513,258 against an approved budget of kshs.278,496,079 resulting in under-utilization of kshs.77,982,821 or 28% of the budget.</p> <p>The underfunding and underutilization affected the planned activities of the fund and may have negatively impacted service delivery to the public.</p> | <p>Copies of AIEs were made available to the auditors for verification.</p> | | |
|--|--|---|--|--|



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Name: Wasi Kumbatha
Fund Account Manager.