


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 JUN 2025	DAY: Wednesday
TABLED BY:	Hon. Baya Faraj, MP Deputy Leader of Majority Party
CLERK-AT THE-TABLE:	Halima Ahmed

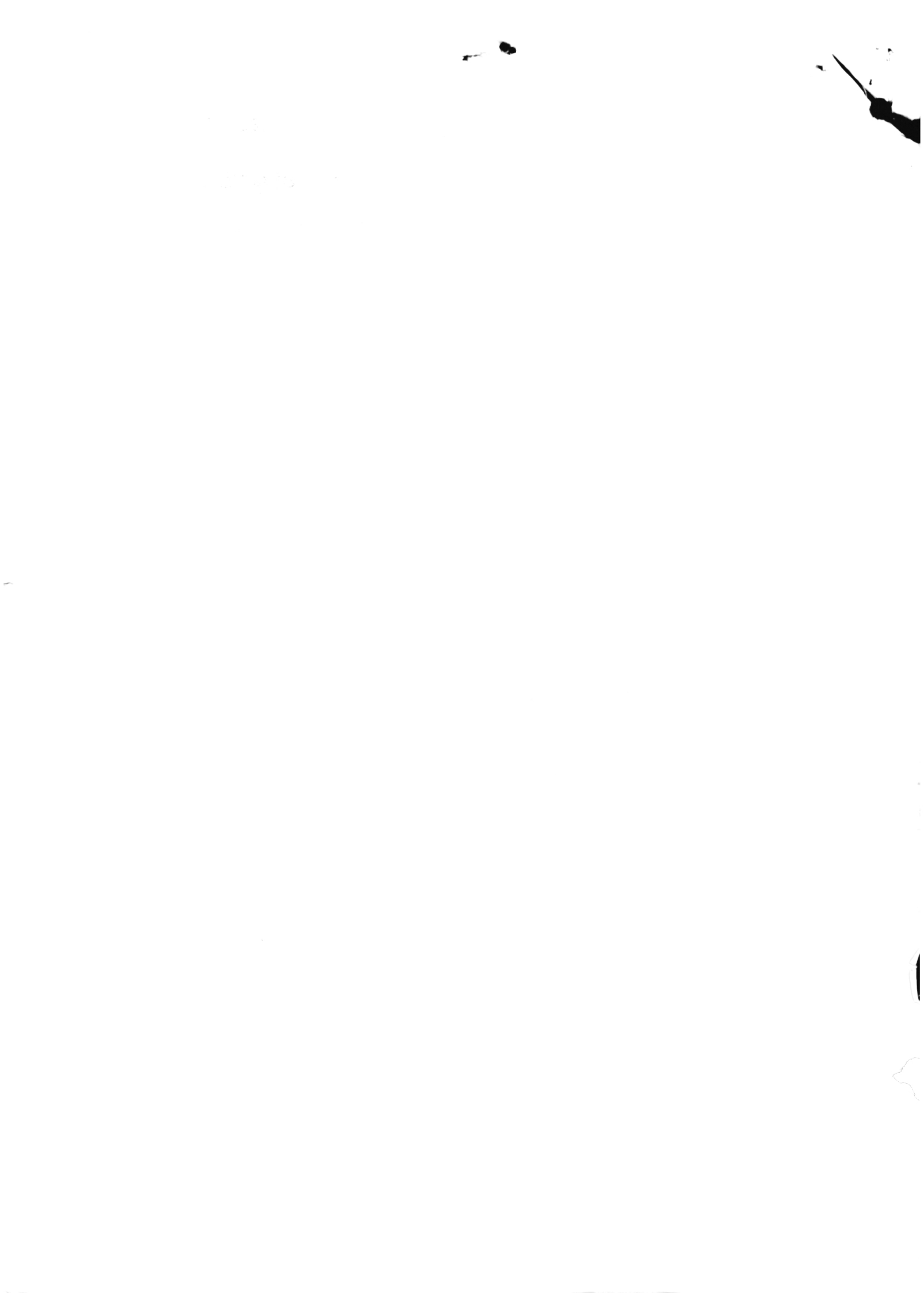
THE AUDITOR-GENERAL



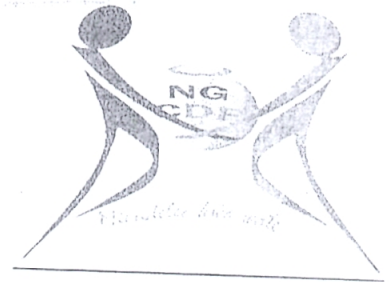
ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND BOARD**

**FOR THE YEAR ENDED
30 JUNE, 2024**



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GENERAL
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18 JUNE 2024



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

Prepared in accordance with the Accrual Basis of Accounting Method under the
International Public Sector Accounting Standards (IPSAS)

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD
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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
NG CDF	National Government Constituencies Development Fund
NGCDFB	National Government Constituencies Development Fund Board

B: Glossary of Terms

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

Comparative Year- Means the prior period.

2. KEY NGCDF BOARD INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NGCDF) is established under the NG-CDF Act, 2015 as amended in 2023. The NG-CDF is under the National Treasury and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development is agenda at the constituency level.

The Fund's overall management is the responsibility of the NGCDF Board while the supervision and coordination is done by the National Treasury and Planning.

The Board has aligned the operations of the Fund with the new Act and the Constitution. The Board implementing its new strategic for the planning period 2022/2023 to 2026/2027. The Board has also attained ISO 9001:2015 certification.

(b) Principal Activities

As outlined in the NGCDF Act 2015, the Board's core mandate and responsibilities include to:

- a) Consider project proposals submitted from various constituencies in accordance with the Act, approve for funding those projects proposals that are consistent with the Act and send funds to respective Constituency operations account of the approved projects;
- b) Ensure timely and efficient disbursements of funds to every constituency;
- c) Ensure efficient management of the Fund;
- d) Coordinate the implementation of projects at the inter-constituency level;
- e) Receive and address complaints that may arise from the implementation of the Act;
- f) Encourage best practices in the implementation of projects;
- g) Administer the funds and assets of the Board in such manner and for such purpose as shall promote the best interest of the Board in accordance with the Act to ensure efficient management of the Fund; and

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h) Perform such other duties as the Board may deem necessary from time to time for the proper management of the Fund.

The Board aims to provide strategic direction in the management, use and accountability of monies drawn from the Fund. The Board therefore aspires to the following Vision, Mission and Core Values in meeting its mandate:

Vision

Equitable socio-economic development countrywide

Mission

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

Core Values

1. Transparency and accountability
2. Professionalism and integrity
3. Commitment and teamwork
4. Neutrality and objectivity
5. Timeliness and excellence
6. Advocacy for citizen participation

Key Strategic Objectives

1. To improve operational efficiency and effectiveness in service delivery
2. To strengthen institutional capacity (skills, numbers and work environment)
3. To ensure efficient and effective project management
4. Enhance good governance
5. Promote effective communication and appropriate partnership

Strategic Goals

- a) Continue Automation of Board's operations
- b) Improve performance management
- c) Implement quality management systems
- d) Improve accounting system
- e) Strengthen research capacity to support evidence-based decision making

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- f) Strengthening Audit and risk management
- g) Strengthen disaster responsiveness and management
- h) streamline the organizational structure
- i) develop capacity of staff
- j) Develop and implement a talent management and succession planning strategy
- k) improve on the work environment
- l) Promote public participation in project identification and implementation
- m) Promote timely submission and approval of project proposals
- n) Promote prioritization of on-going projects in allocation of Funds**
- o) Improve collaboration with technical officers from relevant government agencies
- p) Improve management of transition of NG-CDFC's in relation to resources and projects
- q) widen projects scope and strengthen collaboration with MDAs
- r) Promote openness and accountability in management of the Fund
- s) Promote compliance with applicable laws, regulations and standards.
- t) Adopt Transformative Leadership
- u) Mainstream Cross cutting issues and public participation
- v) Enhance engagement with internal & external stakeholders
- w) Enhance Media Relations
- x) Enhance relations with other Government agencies
- y) Enhance Media monitoring

Strategic Programmes

- a) Design, Develop & Rollout Management information systems
- b) Further installation of appropriate ICT network infrastructure and improve their security
- c) Develop and implement annual performance contract for the board, cascade to constituencies
- d) Operationalize M&E Unit and review M&E framework
- e) Develop constituencies fact sheets and conduct monitoring & evaluation of Boards' operations

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- f) Continuously carry out QMS audits to maintain certification and carry out recertification audit for organization
- g) Develop and disseminate accounting manual for constituencies and establish constituencies accounting unit at Headquarters
- h) Train staff and key stakeholders on public finance management and reporting
- i) Prepare/review annual financial statements and implement audit recommendations**
- j) Receive and review financial returns and update the assets register
- k) Establish and operationalize a research and policy Unit and establish and operationalize a resource centre
- l) Establish a Risk management Unit, conduct risk assessment and carryout Risk Response planning
- m) Develop a disaster preparedness and management manual and train constituencies on Disaster Risk Reduction and Response Mechanism
- n) Develop & issue guidelines on community managed disaster risk reduction (CMDRR)
- o) Review and implement an organizational structure, conduct work load analysis to establish optimal staffing levels and recruit more staff
- p) Conduct Training Needs Assessment and develop and implement an annual training plan
- q) Conduct work environment survey and employee satisfaction survey and implement feasible recommendations
- r) Develop and issue guidelines on public participation & identification of projects; submission of project proposals; Projects and release of funds; Project funds absorption; Management of incomplete & on-going projects during NG-CDFCs transitions and Residual Projects
- s) Develop collaboration framework for the NG-CDFCs and government technical officers
- t) Establish a liaison office to enhance operations of the Board, Ministries and National Assembly
- u) Train NG- CDFCs
- v) Develop and implement policy on documentation and dissemination of constituency best practices

- w) Evaluate constituencies' performance, publicize top performers and showcase the best practices in implementation of project
- x) Implement Mwongozo code of governance and ensure compliance with all tendering and procurement requirements
- y) Facilitate access to information and publish constituency financial and project reports on a timely basis
- z) Convene regular stakeholder forums/awareness campaigns, open days and road shows and participate in Corporate Social Responsibility activities
- aa) Update the Boards website and social media presence and participate in relevant television and radio programmes to enhance the profile of the NG-CDF
- bb) Review and implement service charter and Corporate Board Manual
- cc) Participate in relevant exhibitions and conferences and organize media events (press conferences, media tours, workshops, breakfast meetings) to clarify and explain issues to the media on newsworthy events
- dd) Carryout customer satisfaction survey and implement feasible recommendations

Key Strategic Priorities

- Improve the implementation, Monitoring and Evaluation projects
- Come up with strategies to develop and turnaround for under-performing Constituencies
- Ensure timely availability and disbursement of Funds to Constituencies
- Develop and implement guidelines for project implementation that are in line with existing procurement laws and regulations
- Develop sound financial controls in line with Finance management Act of 2012 and in compliance with Office of the Auditor General Requirements

Key Strategic Priorities

- Improve the implementation, monitoring and evaluation projects
- Come up with strategies to develop and turn around under-performing Constituencies
- Ensure timely availability and disbursement of funds to Constituencies
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- Develop sound financial controls in line with Finance Management Act of 2012 and in compliance with the office of the Auditor General requirements

(c) Key Management

The NGCDF Board’s day to day management is under the following key organs

- Board of Directors
- Chief Executive Officer (CEO)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were as follows:

No.	Designation	Name
1.	CEO	Yusuf Mbuno
2.	Manager Financial Services	James Chebii
3.	Manager Human Resource Management	Anne Thumbi
4.	Manager Supply Chain Management	Shafee Yaqub

(e) Fiduciary Oversight Arrangements

- Audit Committee of the Board
- Finance, Human Resource and administration committee of the Board
- Parliamentary special funds accounts committee (SFAC)

(f) NGCDF Headquarters

NGCDF headquarters
Harambee Plaza Building, 5th Floor
Telephone No. 2230015/19/27
Haille Sellasie/Uhuru Highway Junction.
P.O. Box 46682 - 00100 NAIROBI

(g) Contacts

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Telephone : (020) 2230019, 0709894000

E-mail : info@ngcdf.go.ke

Website: www.ngcdf.go.ke

(h) NGCDF Bankers

1. Co-operative Bank of Kenya Ltd Parliament Road Branch	2. KCB Bank Ltd Kipande House Branch
3. Equity Bank Parliament Road Branch	4. SBM Bank Ltd Riverside Branch



(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. THE BOARD OF DIRECTORS

	<p>Hon. John Olago Aluoch (CBS) Chairman</p> <p>Born on 20th May 1954, Hon. Aluoch was appointed to the NG-CDF Board as Member and Chairman on 6th October, 2023. He previously served in the National Assembly as a Member of Parliament representing the people of Kisumu West Constituency for three consecutive terms, between 2008 to 2022. He additionally served as a Commissioner in the Parliamentary Service Commission. Hon. Aluoch is an Advocate of the High Court with over 45 years' experience and a member of the Law Society of Kenya (LSK). He is a former long serving member of the Council of LSK. Hon. Aluoch is a founder member of East Africa Law Society (EALS).</p> <p>Hon. Aluoch holds a Bachelor of Laws (LLB Hons) from the University of Nairobi and a Postgraduate Diploma (PGD) from the Kenya School of Law and a Governance Course on International Program, Democracy and Constitutionalism, Washington and Denver (USA), 1992. He is also a Member of the Chartered Institute of Arbitrators, Kenya Branch, a member, of the International Commission of Jurists, Kenya, and a Member of the East African Law Society (EALS). He also holds the Presidential award of Chief of Burning Spear.</p>
	<p>Mr. Paul Kibet. Alternate Director to the Principal Secretary, State Department of Early Learning and Basic Education, Ministry of Education.</p> <p>Born on 6th June 1964, Mr. Kibet was appointed to the Board on 5th February, 2019. He is a member of Audit and Governance, Complaints and Publicity Committees of the Board. Mr. Paul holds a Master of science in physics, post graduate diploma in Education and Bachelor of Science. His term ended on June 05, 2024.</p>



Ms. Karen Rono

Alternate Director to the Attorney General

Born on 19th March 1980, Ms. Karen was appointed to the Board on 11th September, 2018. She is a member of the Finance, Human Resource & Administration Committee of the Board.

She is a member of the Law Society of Kenya (LSK) and an advocate of the High Court. She holds a Masters in Law (LLM), Bachelor of Laws (LLB), PGD (KSL), Strategic Leadership Development Program (SLDP), Senior Management Course (SMC) KSG.

Mr. Abdiaziz Bulle Yarrow
Director

Born on 15th February 1982, Mr. Abdiaziz was appointed to the NG-CDF Board on 26th March, 2019. Upon expiry of the initial three-year term, he was reappointed for a further period of three years effective May, 13, 2023. He is as an independent director of the Board, a member of Governance, Complaints and Finance, Human Resource & Administration Committees of the Board. He has previously served as the managing director of top ten agencies and Safaricom dealer for seven years.

Mr. Abdiaziz holds a Master of Arts degree in Diplomacy and International Studies and Bachelor of Political Science, Public Administration and Sociology. He specialized in Public administration and management.



Ms. Maria Lekoloto
Director

Born on 23rd may 1974, Ms. Maria was appointed to the NG-CDF Board on 26th March 2019. Upon expiry of the initial three-year term, she was reappointed for a further period of three years effective May, 13, 2023. She is as an independent director of the Board and Chair of the Programmes, Performance and Risk Management Committee of the Board. She represents people with disability which is a legal requirement in constituting the Board. She is also a chair person of pastoralist heritage concern board.



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Ms. Maria has a Master of Business Administration-Human Resource Management, Bachelor of Business Administration-Human Resource and Diploma in Community Based Development. She has specialized in Human Resource Management, and she is a member of Institute of Human Resource Management.



Mr. George Kasatua Ole Meshuko

Director

Born on 26th December 1972, Mr. George was appointed to the NG-CDF Board on 26th March, 2019. Upon expiry of the initial three-year term, he was reappointed for a further period of three years effective May, 13, 2023. He is as an independent director and a member of the Governance, Complaints and Publicity Committee. Previously, he has served in Olasiti Secondary School board. He has also worked in Owing Immigration (interior) for 10years, County Executive Committee (CEC) Member - Narok County for 3 years and in Canon NGO's as for 3 years.

Mr. George holds a Bachelor of Art education and is currently doing a Master of Arts in Education Economic Planning at the University of Nairobi. He has specialized in Economic Planning & Administration.





Ms. Josephine Kanyi

Alternate Director to the Principal Secretary, The National Treasury (was appointed as a Director on February 07, 2023)

Born on 17th July 1966, Ms Josephine Waruguru Kanyi is a Senior Deputy Director in the National Treasury Budget Fiscal and Economic Affairs in the Department of Intergovernmental Fiscal Relations.

She holds a Bachelor's Degree and Master's Degree in Economics from the University of Nairobi. She served in the Ministry of Planning and National Development from 1991 to 1994, Ministry of Research and Technology (1994-1998) Ministry of Finance 1998-2010 as head of Intergovernmental Fiscal Relations and Business Regulation Reform Units. She served as Chief Economist in National Treasury from 2010-2016.

	<p>She has attended Courses on Fiscal Decentralization and Financial management and Tax Policy Analysis and Revenue forecasting at Harvard University USA & Macro Economic Diagnostics at the IMF Institute in the USA. She also serves as a Board Member at Kenya Hotel Properties Ltd Company and Kaimosi Friends University Council; and She has previously served on the KIPPRA Board; Kenya Vehicles Manufacturers Board; and LATF Advisory Board.</p>
<p>Hon Masitsa Naomi Shiyonga Director Born on 26th January, 1971, Hon. Shiyonga was appointed as a member of the NG-CDF Board on 6th October, 2023. She is an independent director of the Board, Chair of the Programmes, Performance and Risk Management Committee and a member of the Governance, Complaints Committee of the Board. She previously served in the National Assembly as a nominated Senator between 2017 to 2022.</p> <p>Hon. Shiyonga holds a Master Degree in Health Informatics and a Bachelor Degree in Health Records and Information Management. She has received training in Monitoring and Evaluation and Project Management.</p>	
<p>Hon. Janet Teyiaa Director Born on 28th September, 1980, Hon. Teyiaa was appointed as a member of the NG-CDF Board on 6th October, 2023 as an independent director. She represents people with disability which is a legal requirement in constituting the Board. She is the Chair of the Governance, Complaints Committee of the Board and a member of the Programmes, Performance and Risk Management Committee.</p> <p>Hon. Teyiaa previously served in the National Assembly as a nominated Member of Parliament representing people with disability between 2012 to 2017 and thereafter elected a Women Representative, Kajiado County between 2017 to 2022, thereby serving two consecutive terms in the August House.</p>	

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Hon. Gabriel Kago Mukuha
Director

Born on 2nd September, 1975, Hon. Kago was appointed as a member of the NG-CDF Board on 22nd December, 2023. He is an independent director of the Board and a Member of the Governance, Complaints Committee of the Board. He previously served in the National Assembly as a Member of Parliament representing the people of Githunguri between 2017 to 2022.

Hon. Kago holds a Bachelor Degree in Business Administration.



Festus Wangwe Muchanji
Director

Born on 4th February 1970, Mr. Wangwe was appointed on 9th April 2024 as a designated alternate representing the Principal Secretary, State Department for Economic Planning. He is a member of the Programmes, Performance and Risk Management Committee of the Board.

Mr. Wangwe holds a Master of Arts and Bachelor of Arts in Economics, Certificates in Strategic Leadership and Development Program and Senior Management Course (SMC), (KSG), Leadership, Management and Development (Chinese Academy of Governance) and Strategic Management Course (SMIA, Swaziland).





Dr. Sugut William Kiplagat (HSC)
Director

Born on 30th December, 1973, Dr. Sugut was appointed on 6th June, 2024 as a designated alternate representing the Principal Secretary, State Department for Basic Education in the Board. He is a member the Programmes, Performance and Risk Management Committee of the Board.

Dr. Sugut holds a Doctorate of Philosophy in Education, Master and Bachelor of Education and certificates in Strategic Leadership and Development Program (SLDP) and Senior Management (SMC) from the Kenya School of Governance (KSG). He is decorated with the Head of State Commendation presidential award.





	<p>Born on 27th April 1966, Mr. Yusuf is the Chief Executive Officer, National Government Constituencies Development Fund Board</p>
<p>Mr. Yusuf Mbuno Chief Executive Officer</p>	<p>Mr. Mbuno holds a Master of Arts degree in Economics, Bachelor of Arts in Economics and Certificate in Project Planning and Management.</p>
	<p>Simon Ndweka Secretary to the Board</p>
	<p>Born on 24th December 1974, Mr. Ndweka is the Secretary to the Board .</p>
	<p>Mr. Ndweka holds a Master in Business Administration degree (Strategic Management) [UoN], Bachelors of Law degree [Moi], Post Graduate Diploma in Law , Certified Public Accountant and Certified Public Secretaries.</p>
	<p>Mr. Ndweka is a member of Law Society of Kenya, Institute of Certified Public Secretaries and Institute of Certified Accountant.</p>

NB/

1. **Mr. Richard Mwarema** was appointed to the Board as an Alternate Director to the PS, State Department for Economic Planning effective April 11, 2023 to July 13, 2023;
2. **Ms. Grace Kimitei** was appointed to the Board as an Alternate to the PS, State Department for Economic Planning effective July 14, 2023 to April 08, 2024.

4. MANAGEMENT TEAM

 <p>Mr. Yusuf Mbuno Chief Executive Officer</p>	<p>Yusuf Mbuno holds Master of Arts degree in Economics, Bachelor of Arts in Economics and Certificate in Project Planning and Management</p> <p>Responsibilities: Providing direction for the day to day management of the affairs and staff of the Board.</p>
<p>Simon Ndweka has over 15 years experience in Legal, Board Management and Corporate Governance.</p> <p>He holds Masters in Business Administration degree (Strategic Management) and Bachelor of Laws.</p> <p>He is a Certified Secretary and a Certified Public Accountant and a member of the Law Society of Kenya, Institutes of Certified Secretaries (ICS), Certified Public Accountants, Kenya (ICPAK) and Law Society of Kenya (LSK), in good standing.</p> <p>Responsibilities: providing professional advice to the National Government Constituencies Development Fund Committees (NGCDFCs) on Legal, Governance and Providing technical guidance and support to Constituencies on legal and governance matters.</p>	 <p>Simon Ndweka Secretary to the Board</p>

James Chebii holds Masters in Business Administration degree (Finance) and Bachelor of Education.

He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants, Kenya (ICPAK) in good standing.

Responsibilities: providing professional advice to the National Government Constituencies Development Fund Board and staff on financial management and providing technical guidance and support to Constituencies in Preparation of Constituencies financial statements.



James Chebii
Manager Financial Services






CPA Beatrice Otieno
Manager, Field Financial Coordination

Beatrice Otieno holds Masters in Business Administration degree (Finance) and Bachelor of Arts (Economics).

She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants, Kenya (ICPAK) in good standing.

Responsibilities: providing professional advice to the National Government Constituencies Development Fund Committees (NGCDFCs) and Fund Account Managers on financial management and Providing technical guidance and support to Constituencies in Preparation of Constituencies financial statements.

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 <p>Anne Thumbi Manager Human Resource & Administration</p>	<p>Anne Thumbi holds Masters of Science in Human Resource Management, Bachelor of Science in Communication and Public Relations, Higher Diploma in Human Resource and Diploma in Personnel Management.</p> <p>She is a member of the Institute of Human Resource Management (IHRM) in good standing.</p> <p>Responsibilities: providing professional advice to the National Government Constituencies Development Fund Board and staff on Human Resource matters and providing technical guidance and support to Constituencies in management of human capital.</p>
<p>ShafeeYaqub Mohamed holds Master in procurement and Logistics, Bachelor of Commerce (Finance Option) and Diploma – Purchasing & Supply (CIPS) and is currently doing a Master of Science in Finance at the University of Nairobi.</p> <p>He is a member of Chartered Institute of Purchasing and supply and Kenya Institute of Supply Management.</p> <p>Responsibilities: Provide professional advice to NG-CDF Board on procurement of goods, Works and Services</p>	 <p>Shafee Yaqub Mohamed Manager Supply Chain</p>
 <p>Raphael Nduati, Chief Manager Corporate Planning and Strategy</p>	<p>Raphael Nduati holds Masters and Bachelor's degrees in Economics.</p> <p>Responsibilities: coordinating the policy preparation and review in strategic planning, performance management, research and statistics.</p>

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Alice Wachira-Mbatia holds an executive MBA degree on Strategic Management. She is a Certified Public Accountant (CPA K) and Certified Public Secretary (CPS K).

Alice is a member of Institute of Certified Public Accountants (ICPAK, Kenya), Institute of Certified Public Secretaries (ICPS) and Kenya

Institute of Internal Auditors (IIA) Kenya Chapter.

Responsibilities: Providing assurance on effectiveness of Risk Management, Internal controls, and governance processes within the organization to the National Government Constituencies Development Fund Board (NGCDFB).



Alice Wachira
Chief Internal Auditor

Elizabeth Kitundu holds a Master in Education degree in (Economics of Education) and Diploma in Project Management.

She has also undertaken Advanced Strategic Leadership Programme Course from Kenya Institute of Management and Strategic Leadership Development Programme Course in Kenya School of Government.

Responsibilities: Coordination Project planning, implementation and continuous monitoring of implementation of projects by the National Government Constituencies Development Fund and Project Management Committees.



Elizabeth Kitundu
Chief Manager
Programme and Field
Services Coordination






Jack Odhoch
Manager ICT

Jack odhoch holds Master in Information Systems and Bachelor of Science (Statistics & Computer).

Responsibilities: Provide an interface between the Board's needs, user requirements, and the information and communication technology (ICT) used at the Board to achieve its goals of streamlining internal operations and

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	<p>improve customer experience. By setting and implementing suitable ICT objectives & strategies.</p>
 <p>Brenda Onyino Manager Corporate Communication</p>	<p>Onyino Ruth Brenda holds Masters in corporate Communication and Bachelors in Communication and PR She is a honourable member of the public Relations Society of Kenya (PRSK).</p> <p>Responsibilities: create and maintain a favourable public image for the NGCDF Board by communication programs and achievements; advising the Board and the constituencies on corporate branding and media relations.</p>
<p>Robert Maina holds Masters of Science degree in Risk Management and Bachelors of commerce finance option. He is a member of Institute of Certified Public Accountant of Kenya (CPA(K)</p> <p>Responsibilities: Co-ordinate and monitor the implementation of risk management framework at the Board secretariat and the constituencies</p>	 <p>CPA Robert Maina, Manager Risk & Compliance Division</p>
 <p>Ann Mulea Manager Research and Statistics</p>	<p>Ann Mulea holds Master of Arts degree in Economics and Bachelor of Arts in Economics. She is a member of the Economists Society of Kenya.</p> <p>Responsibilities: Coordinating corporate research for evidence-based decision making, statistics management and establishing available records from Government Departments and other agencies which can be centrally documented.</p>

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Mugita Gesongo holds a Master's Degree in Economics, a Diploma in Monitoring and Evaluation, he is currently pursuing PhD in Economics and Master's Degree in M&E (University of Nairobi), Mugita is an Evaluator, a Researcher, an M&E, Learning & Knowledge Management Specialist. He is a member of Economist Society of Kenya (ESK) and African Evaluation Association (AfrEA).

Responsibilities: Coordinate monitoring and evaluation of the Board's programmes and projects and institutionalise results-based management, learning and knowledge management culture



Mugita Gesongo
Manager Monitoring and Evaluation

5. CHAIRMAN'S STATEMENT

I take great pleasure, on behalf of the National Government Constituencies Development Fund Board of directors to present the Annual Report and Financial statements for the year ending 30th June, 2024. This Annual Report showcases our performance for the financial year and highlights what an impactful Fund we have become.

We have remained committed to supporting the government's agenda by financing infrastructural development majorly in education and security sectors as well as implementing climate change mitigation and adaptation programmes and establishment of constituency digital hubs which creates opportunities for the youth to source for jobs online. We aim to promote socio- economic transformation for sustainable development countrywide.

Our role in supporting the government agenda has been amplified by the amendment of the Act in December 2023 that brought about a number of changes among them increasing the budget ceilings for bursaries at the constituencies to 40% from the initial 30%, Increase in budget ceilings for climate change mitigation activities from 2% to 5 % and contributing a maximum of three percent of the constituencies allocation for the payment of recurrent utilities costs and maintenance of constituency digital hubs.

Despite facing challenges in the operating landscape, we have managed to navigate these headwinds and deliver exceptional outcomes. The past year presented us with challenges, including numerous litigations and delays in disbursement of funds occasioned by the economic situation.

As part of our strategic goals, we have focused on enhancing prudent financial management and administration of the Fund, deepening corporate governance, strengthening corporate communication, stakeholder engagement and leveraging on technology for efficient and effective service delivery.

Throughout the year under review, the Board has displayed great commitment towards achieving our strategic objectives. It has been diligent and effective in carrying out its responsibilities and has provided guidance to management, ensuring we continue to deliver value to mwananchi at all times. We are proud of our Board composition, with its wide range of perspectives, experience, skills and inclusivity.

I thank our CEO, Mr. Yusuf Mbuno, and the entire management team for the responsive and skilled execution of our strategic goals – efforts that enabled us to create and deliver on our mandate throughout the year. My heartfelt gratitude also goes to my colleagues on the Board, whose skills and dedication have added exceptional value to the administration of the Fund. Finally, I would like to acknowledge the contribution of all our employees whose

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commitment, loyalty, and hard work have enabled us to deliver on our mandate and impact on the lives of the Kenyan citizen.



Hon. John Olago Aluoch, CBS
Chairman of the Board

6. REPORT OF THE CHIEF EXECUTIVE OFFICER



The National Government Constituencies Development Fund (NG-CDF) is established under the NG-CDF Act 2015 (as amended in 2023) with the primary goal of ensuring equitable socio-economic development across the country. The Fund comprises not less than two-point five per cent (2.5%) of the National Government share of revenue, as allocated through the annual Division of Revenue Act.

The Fund is governed by a Board made up of a Board of Directors and the Secretariat. The Secretariat, led by the Chief Executive Officer, is responsible for the day-to-day operations of the Fund involving provision of essential administrative and technical support towards ensuring that the Board's decisions are effectively implemented in accordance with the Board's mandate.

The operations of the Fund are governed by a 5-year strategic plan, which is executed annually using performance management tools, including performance contracts and work plans that are supported by an annual budget.

In the 2023/24 financial year (FY), the board conducted annual staff performance appraisal both at the constituencies and headquarters, evaluated and signed performance contract and work plan. Further, the Board in the implementation of its targets audited 131 constituencies, signed performance contracts with 290 constituencies. Additionally, to enhance accessibility and transparency, the Board ensured that its services were made available on the E-Citizen platform for easy access by the citizens.

During the review period, the Fund was allocated Kshs.53,531,500,000 in the printed estimates, with not more than 5% of this amount designated for administrative purposes of the Board. An additional Kshs 3,400,000,000 was allocated to the Fund through Supplementary Estimate No. 1 as a conditional grant for the construction of classrooms and integrated learning resource centres in Junior Secondary Schools (JSS). Furthermore, Kshs 1,000,000 was allocated to the Fund as a conditional grant for infrastructure development in schools within Nairobi County. This brought the total allocation to the Fund for the 2023/2024 FY to KES 57,931,500,000.

Out of the KES 53,531,500,000 allocation in the printed estimates, the Board allocated Kshs 2,676,575,500 to support its operations, while Kshs 50,854,925,000 was allocated to constituencies, in accordance with the sharing formula outlined in Section 34 of the NG-CDF Act, 2015 (as amended in 2023) as summarized below.

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Constituencies	No. of Wards	Amount allocated
21	3	157,825,629
78	4	166,593,720
107	5	175,361,810
54	6	184,129,901
23	7	192,897,991
7	8	201,666,082

Despite these significant achievements, the Fund has encountered a major challenge of delayed implementation of projects within the financial year, arising from late disbursement of funds from National treasury and hence late disbursement to the constituencies.

Looking into the future, the Fund beginning the next financial year and over the next few years will focus on automation of the Board's processes, which shall lead to improved financial management, accountability and transparency. These efforts shall be pivotal in ushering the Fund into a new era of advanced data management that shall streamline processes and increase efficiency for the benefit of Kenyans.

I would like to take this opportunity to extend my sincere gratitude to the Board Chairperson and the Board of Directors for their steadfast support. Their dedication has been pivotal in achieving the milestones recorded during the review period. Special thanks also go to the Board Secretariat and all key stakeholders for their unwavering commitment and collaboration. Without their efforts, these accomplishments would not have been possible.

I look forward to continuing our work together as we serve the great people of Kenya, fostering sustainable development and driving national progress.



.....
YUSUF MBUNO
CHIEF EXECUTIVE OFFICER

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The Board's activities are guided by a five-year strategic plan, currently 2023-2027 implemented through a series of annual work plans and supported by the annual performance contracts.

Over the current strategic plan period, eight (8) strategic issues in eight Key Result Areas were identified. Nine strategic objectives were set to address these issues. The Objectives were to be achieved through various strategies and activities.

The eight Key Result Areas are:

- i. Financial Management and administration
- ii. Human resource development
- iii. Corporate planning and Resource mobilisation
- iv. Monitoring & Evaluation, research and statistics and knowledge management
- v. Risk management
- vi. Corporate social governance
- vii. Corporate Brand and visibility management
- viii. Automation of Board's processes

Quarterly, the Board conducts reviews to assess performance against set targets in the work plans. Achievement for the performance targets set for 2023/2024 period is as tabulated below;

Key Result Area	Objective	Activities	Key Performance Indicators	Achievements
Financial Management and administration	To enhance financial management and administration of the Fund	Timely disbursement of funds to Constituencies upon receipt from the National Treasury	Number of working days taken to disburse funds upon receipt	The Board disbursed funds to constituencies within an average of 3 working days upon receipt from The National Treasury.

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Key Result Area	Objective	Activities	Key Performance Indicators	Achievements
		Undertake financial systems checks and follow up on implementation of audit recommendations in Constituencies	Number of Constituencies reached	The Board conducted system checks and followed up on implementation of audit recommendations in 80 Constituencies.
		Conduct Risk based internal audits in Constituencies	Number of Constituencies audited	The Internal audit department conducted audits in 131 Constituencies over the 2023/24 financial year
Human resource development	To enhance institutional performance	Human resource capacity development	Number of staff trained/ capacity built	The Board developed its human capacity by conducting training and capacity building for both staff at the headquarters and constituencies
		Operationalisation of regional offices	Number of regional offices operationalised	The Board begun construction of regional offices in North Rift, North Eastern and Upper Eastern regions

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Key Result Area	Objective	Activities	Key Performance Indicators	Achievements
Corporate planning and Resource mobilisation	To Strengthen corporate planning and coordination of the Board operations	<i>Strengthen strategic planning</i>	Number of Constituency strategic plans reviewed	The Board, through a consultative process finalised preparation of its strategic plan and reviewed strategic plans for 164 constituencies.
		Negotiate, vet and sign performance contract with the PSPMMU Cascade the performance contract to NG-CDF Committees	Number of performance contracts signed	The Board signed performance contracts with PSPMMU and NG-CDF Committees. It also conducted an evaluation of the 2022/23 FY contracts
		<i>Coordinate policy review and formulation</i>	Number of policies reviewed	The Board reviewed the NG-CDF regulations

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Key Result Area	Objective	Activities	Key Performance Indicators	Achievements
Monitoring & Evaluation, research and statistics and knowledge management	Strengthen Monitoring & Evaluation, Statistics and knowledge management to support policy formulation and evidence-based decision making	Carry out research study to assess the status of schools whose initiation was facilitated by NG-CDF since inception of the Fund in 2003	Number of research studies conducted	One research was conducted on the impact of Kenya Medical Training Colleges funded by NG-CDF.
		Conduct Monitoring and evaluation for projects in constituencies	Number of constituencies monitored	The Board conducted a rapid evaluation for projects funded under NG-CDF. Monitoring and evaluation was conducted for 46 Constituencies
Risk Management	Strengthening Risk management	Risks and controls monitoring for the Board and Constituencies	No. of constituencies and departments monitored	The risk management division conducted risk and controls monitoring for 48 constituencies and all the departments at headquarters

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Key Result Area	Objective	Activities	Key Performance Indicators	Achievements
Corporate social governance	To deepen corporate Governance in operation of the Fund.	Resolution of complaints create awareness on complaints handling mechanisms	No. of visits conducted	The Board has considered all complaints received and submitted quarterly reports to CAJ. Trainings on complaints resolution and governance issues were conducted in 4 capacity building forums for NG-CDFCs and field visits were conducted in 15 constituencies to create awareness on complaints handling mechanisms.
Corporate Brand and visibility management	Awareness creation on brand management.	Trainings and constituency visits to promote brand management	Number of trainings conducted	The Board conducted awareness creation forums on branding during constituency staff training forums
		conducting media tours and participating in exhibitions and conferences to create awareness	Number of media tours Number of exhibitions and conferences participated in	The Board conducted 12 media tours and participated in two exhibitions.

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Key Result Area	Objective	Activities	Key Performance Indicators	Achievements
Automation of Board's processes	digitalisation of Board's services	Develop an integrated ERP	Percentage of automation of NG-CDF requirements	Laid a platform for automation of Board activities by identifying user functional requirements.

8. CORPORATE GOVERNANCE STATEMENT

The nature of the Corporation's Business and environment within which it operates demand adoption of good corporate governance practice which is vital in realization of stakeholders' expectations. Entrenchment of good corporate governance ensures that both the Board and the management execute their respective roles in a complementary manner. The statement sets out the main corporate governance practices and the structure of the corporation. The Directors possess a broad mix of skills, age, qualifications and experience required to discharge their responsibility.

Board Charter and Strategic Plan

The Board has in place a Board Charter, in addition to the Constituting Act and Code of Governance for State Corporations [*Mwongozo*]. These documents set out the corrective and individual powers, rights, obligations duties and responsibilities of Directors. The Board charter seek to ensure the effectiveness of each of the Director's contribution in the Governance of the Corporation by facilitating full and free exercise if independence judgment and professional competencies. The Charter outlines the governance arrangements that are to be applied in the Corporation on among others, the following areas:

- Respective roles and functions of the Board, Directors, Chairman, Chief Executive Officer and Corporation Secretary;
- Conduct of Board Meetings; and
- Terms of Reference for all the Committees.

In the Corporation's operations, the Board strives to achieve its objective as embedded in the strategic plan. The immediate past strategic plan run from 2016/2017 to 2020/2021 financial years. The Board is in the process of formulating a new Strategic Plan, to run from 2022/2023 to 2028/2027 Financial years.

Conflict of interest, remunerations and Governance Audits

The Board has in place a conflict of interest register as required by Leadership and Integrity Regulations, 2015. The Directors are required to declare any conflict during meetings, which whenever declared, would be recorded in the minutes and in the register.

Regarding Board's remuneration, Directors are paid sitting allowances whenever they attend meetings and or an official function of the Board. While attending Board's functions outside the station, Directors are entitled to a Daily Subsistence Allowance in accordance with government's prevailing rates. The Chairman of the Board is entitled and is paid monthly Honoraria as guided by the Government.

On Governance Audit, the Code of Governance for State Corporations requires that the exercise should be conducted once every year. The exercise can only be facilitated by accredited governance auditors. During the year under review, the governance audit was not undertaken due to exogenous factors beyond the Board's control. The Board would continue to observe and enforce set governance standards in its operations. The Board shall continually

improve its performance with a view to achieving the strategic objectives for effective management of the Fund.

Constitution of Board of Directors

The Board consists twelve (12) members including the Chief Executive Officer, as an ex-officio member. Four [4] of the members of the Board represent Government ministries, being: Ministry of Education, National Treasury, State Department for Economic Planning and the Attorney General. Seven [7] other Directors are independent, including the Chairman. The Corporation Secretary is the Secretary to the Board.

Appointment

The independent members of the Board are nominated by the Cabinet Secretary responsible for the Fund, vetted and approved by the National Assembly and appointed by the Cabinet Secretary. The said independent members of the Board serve for a period of three (3) years, renewable once.

Upon appointment, the Board members are trained on the applicable laws, regulations, policies, circular and governance processes. Directors are also sponsored to attend other governance related trainings offered by reputable institutions. During the year, the Board members attended trainings, organised by among other entities, the Institute of Certified Secretaries.

Vacancy

Pursuant to Section 19 of the Act, the office of the chairperson or member of the Board falls vacant if the holder –

- (a) dies;
- (b) resigns in writing, by a notice addressed to the Cabinet Secretary;
- (c) is convicted of a felony and sentenced to imprisonment;
- (d) is absent from three consecutive meetings of the Board without good cause; or
- (e) is removed from office in accordance with the procedure set out in any written law.

Functions of the Board

Functions of the Board are enumerated under section 16 of the Act as follows:

- a. Ensure timely and efficient disbursement of funds to every constituency
- b. Ensure efficient management of the Fund;
- c. Consider project proposals submitted from various constituencies in accordance with the Act, approve for funding those projects proposals that are consistent with this Act and send funds to the respective constituency fund account of the approved projects;
- d. Co-ordinate the implementation of projects at the inter-constituency level;
- e. receive and address complaints that may arise from the implementation of the Act;
- f. Encourage best practices in the implementation of projects; and

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- g. Administer the funds and assets of the Board in such manner and for such purpose as shall promote the best interest of the Board in accordance with the Act to ensure efficient management of the Fund.

Board meetings

The Board transacts its businesses majorly through meetings. Section 2 (1) of the Second Schedule to the NGCDF Act, 2015, provides that the Board shall not meet less than six and not more than eighteen times in any financial year and not more than two months shall elapse between the date of one meeting and the date of the next meeting. The Board work plan and calendar of meetings is prepared annually in advance. Adequate notice is given for each Board meeting and the Directors receive detailed papers in good time before the meeting.

During the year under review, the Board held a total of Eleven (11) meetings as shown below:

Meeting number	Meeting number 153	Meeting number 154	Meeting number 155	Meeting number 156	Meeting number 157	Meeting number 158	Meeting number 159	Meeting number 160	Meeting number 161	Meeting number 162	Meeting number 162 [Adjourned]
Date of the meeting	03.08.2023	05.09.2023	27.09.2023	13.10.2023	28.11.2023	24.01.2024	30.01.2024	09.03.2024	28.03.2024	06.06.2024	13.06.2024

The Board attendance was follows

Meeting number	153	154	155	156	157	158	159	160	161	162	162***
1. Mr. Paul Kibet	✓	✓	✓	✓	x	x	✓	x	✓	-	-
2. Maria Lekoloto	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. George Ole Meshuko	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. Karen Rono	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. Josephine Kanyi	x	✓	x	x	✓	x	✓	✓	✓	✓	x
6. Abdiaziz Bulle Yarrow	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓
7. Grace Kimitei	✓	✓	✓	x	✓	✓	✓	✓	✓	-	-
8. John. Olago Aluoch*	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓
9. Janet Marania Teyiaa**	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓
10. Naomi Masitsa Shiyonga**	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓
11. Gabriel Kago Mukuha***	-	-	-	-	-	✓	✓	✓	✓	✓	✓
12. Yusuf Mbuno	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
13. Festus Wangwe	-	-	-	-	-	-	-	-	-	✓	x

Notes.

*Appointed on October 06, 2023

** Appointed on December 22, 2023

*** Adjourned meeting

✓ Attended the Meeting

X Absent

- Not a member

Board Committees

In order to fulfil its responsibilities, the Board is assisted by four [4] committees and the management. Each of the members of the Board belongs to not more than two [2] committees and they are rotated annually. The rotation accords the Directors an opportunity to contribute to numerous aspects of the Corporation's activities. The chairpersons to the committees are appointed by the Board. During the year under review, the Board had the following Committees:

I. Audit Committee

The Committee's Terms of Reference (ToRs) include:

- a. To consider, deliberate, guide and make recommendations to the Board on reports presented to the Committee by the management;
- b. Report to the Board on Committee activities, emerging issues and recommendations thereto;
- c. Provide an open avenue of communication between Internal Audit, the External Auditors and the Board;

II. Finance, Human Resource & Administration Committee

The Committee's Terms of Reference (ToRs) include:

- a. To review quarterly, annual and other statutory financial estimates/statements and make appropriate recommendations;
- b. To review and monitor Corporation's performance against financial benchmarks established by the Board in compliance with statutory requirements;
- c. To receive, review and advise the Board on Corporation's annual budget;
- d. To recommend on authorization, on annual basis, expenditure against Corporation's annual work plan developed in accordance with the projections of the yearly performance contract;
- e. To consider matters relating to Human Resource Policies and Procedures;
- f. To consider reports on Recruitment of Staff and where necessary undertake preliminary screening of candidates (heads of departments) and participate in actual recruiting process, as it may be necessary and as provided by Human Resource Procedure Manual; and
- g. To consider and recommend to the Board on matters relating to procurement and assets disposals.

III. Programs, Risk and Performance Management Committee

The Committee's Terms of Reference (ToRs) include:

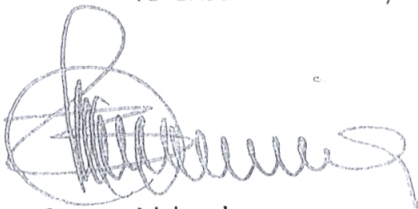
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- a. To consider project proposals submitted from various constituencies in accordance with the Act and recommending to the Board for approval and funding;
- b. Undertake monitoring of projects, deliberate on findings and table report and recommendations to the Board;
- c. To guide in development, implementation, monitor and review of Corporation's strategic plan; and
- d. To ensure Enterprise Risk Management (ERM) processes and culture are embedded throughout the organization including effectiveness of risk identification and management, and compliance with internal guidelines and external requirements.

IV. Governance, Complaints and Publicity Committee

The Committee's Terms of Reference (ToRs) include:

- a. To review and make appropriate recommendations on all governance matters affecting the Corporation;
- b. To address complaints that may arise from the implementation of the Act;
- c. To guide on enhancing positive NG-CDF image by routinely updating the public on the activities of NG-CDF vis-à-vis its set objectives;
- d. To review and make recommendations to the Board on NG-CDF communications needs and priorities through appropriate consultation; and
- e. To recommend for approval and monitor the Corporation's ICT policies and practices to ensure that they continue to remain effective and accurate.



Simon Ndweka
Secretary to the Board

9. MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

Operational Performance

The National Government Constituencies Development Fund was allocated a total of **Kshs.53,531,500,000** in Financial Year 2023/2024 pursuant to Section 4 of the NGCDF Act to fund projects proposals identified at the constituency level.

A further appropriation of **Kshs.3,400,000,000** was made under the 2023/2024 Financial Year supplementary estimate No.1 as a conditional grant to NGCDF for construction of classrooms and Integrated Learning resource centres in Junior Secondary Schools. The amount was allocated to all constituencies based on grade seven (7) enrolment and each constituency was required to match a shilling to a shilling.

In addition, still under 2023/2024 Financial Year Supplementary Estimate No.1, a further **Kshs.1,000,000,000** was allocated to NG-CDF as a conditional grant for infrastructure development for schools in Nairobi City County. This therefore brought the total allocation to NG-CDF in 2023/2024 Financial Year to **Kshs.57,931,500,000**. Out of the total allocation of Kshs 57,931,500,000 the Board received a total of Kshs.44,400,000,000 from the National Treasury leaving a balance of **Kshs.13,531,500,000**.

The Board set aside **Kshs.2,676,575,000.00** for purpose of running the Board activities while **Kshs. 50,854,925,000.00** was allocated to constituencies. The allocation for constituencies was subjected to the criteria for determining the Budget ceilings for each constituency as outlined in section 34 of the NG-CDF Act 2015 as amended in 2023. The budget ceiling for each constituency in the 2023/2024 financial year was therefore as shown in Table 1: -

No of Wards per Constituency	Allocations (Ksh)	Number of Constituencies
3	157,825,629	21
4	166,593,720	79
5	175,361,810	106
6	184,129,901	54
7	192,897,991	23
8	201,666,082	7

Table 1

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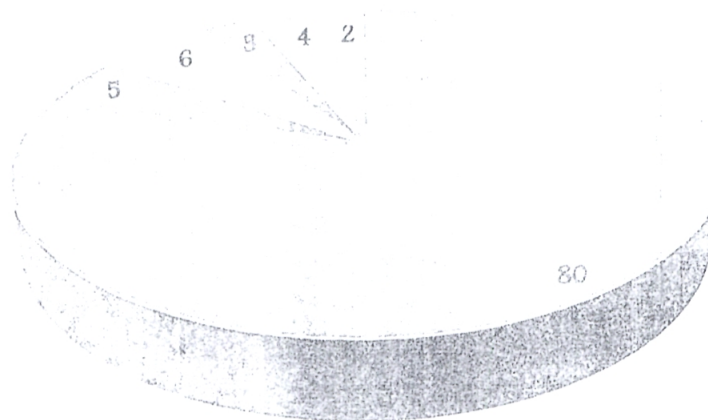
Table 2 show the analysis of projects implemented per sector for 2023/2024 Financial Year.

Sector	Percentage Allocation
Education (Bursary & Infrastructure)	80
Security	5
Administration & Recurrent Expenditures	6
Monitoring & Evaluation	3
Climate Change	4
Others (Construction of Access roads, Development of Strategic Plans, NG-CDF offices, Innovation Hubs, Resource centres; Purchase of Motor Vehicles and Motor Bikes)	2
Total	100

Table 2

Percentage Allocation Per Sector

- Education (Bursary & Infrastructure)
- Security
- Administration & Recurrent Expenditures
- Monitoring & Evaluation
- Climate Change
- Others



Compliance with statutory requirements

Major Risks facing the Board

Mwongozo code of governance on state corporations require the board to ensure risk assessment is conducted and the risks are monitored. The NGCDF board through management conducted risk assessment and identified major risks facing the fund.

1. Delayed disbursement of funds to the constituencies.
2. Non-compliance with NGCDF Act on 25% quarterly disbursements of funds

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3. Inadequate working knowledge on public finance management by constituency committees
4. Delayed submission of budget estimates by constituency committees and inaccurate costing of activities for budget allocation
5. Weaknesses in adherence to public procurement processes
6. High staff turnover in constituencies leading to institutional memory loss
7. Litigations on Constitutionality of NGCDF Act

Material arrears in statutory obligations

NG-CDF Board does not have any pending bills for the FY 2024/2025

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The National Government Constituencies Development Fund Board plays a crucial role in improving the lives and livelihoods of Kenyan citizens by promoting equitable socio-economic development across the country. The Board ensures the timely and efficient disbursement of Funds to all constituencies and provides oversight to guarantee proper management of these resources. Below is a brief overview of the sustainability activities conducted in the 2023/24 financial year:

I. Sustainability strategy and profile

The Board is committed to providing leadership and policy direction to ensure effective and efficient management of the Fund. It also exemplifies best practices in project implementation through its Best Practice Demonstration Programme.

II. Environmental performance/climate change/mitigation of natural disasters

The NG-CDF Board has adopted a climate change mitigation program that includes activities such as afforestation, reforestation, grassroots sensitization, and tree seedling production, following the NG-CDF Act amendments of 2023, by allocating funds not exceeding 5% of the total allocation to the constituency in every financial year. This is an increase from the previous 2%. This programme aims to improve the socio-economic well-being of communities by addressing the impacts of climate change.

The Board's strategy is to promote environmental sustainability by conducting and promoting tree planting across the constituencies. The Board, through and in collaboration with the constituencies, has implemented the following projects, among others, to support the national goal of planting 15 billion trees. This contributes to the broader objectives of climate change mitigation and sustainable resource management as outlined by the Government of Kenya.

1. Tree Planting and Maintenance

- In this category, the Board focuses on activities related to purchasing, planting, and maintaining trees, including indigenous and exotic species, and ongoing care like watering and protection.

2. Water and Infrastructure Support

- This encompasses projects that involve the installation of water tanks and infrastructure in institutions to support climate action, such as bases, towers, and water systems for tree care.

3. Energy Efficiency and Sustainable Practices

- This includes *Energy-Saving Solutions* and *Community Engagement in Sustainable Practices*. The constituencies focus on introducing energy-efficient technologies (e.g., energy-saving stoves in learning institutions) and promoting community participation in sustainable, climate-friendly practices.

4. Environmental Education and Awareness

- Under grassroots sensitization, these activities cover efforts to educate communities and schools on climate change mitigation, tree planting, and conservation practices.

5. Landscape and Ecosystem Restoration

- The Landscape Restoration focuses on restoring degraded ecosystems, including forests, through large-scale tree planting and reforestation projects.

As part of its 2024-2027 Strategic Plan, the NG-CDF Board collaborates with specialized agencies like the Kenya Forestry Service (KFS) for expert guidance and support on professional forestry practices. KFS plays a crucial role in helping the Board develop strategies for landscape restoration and advancing the national tree-planting campaign. In addition, KFS promotes forestry education and training to build the capacity of stakeholders in alignment with forestry policies.

III. Employee welfare

NG-CDF employees are considered very crucial in the attainment of the objectives of the Board. During the year, the Board disseminated its human Resource Manual. The Board also conducted a training needs assessment at the beginning of the financial year and thereafter a number of trainings conducted to address skills gaps. In addition, recruitment to various positions was done to enhance staff capacity. An occupational Safety audit was undertaken to ensure a healthy and safe working environment for all employees. The Board further reconstituted various committees such as the gender mainstreaming committee and the Alcohol and Drug Abuse committees. The Board also engages students through internship to facilitate skills transfer.

IV. Market place practices

a) Responsible competition practice

NG-CDF Board's procurement process is guided by provisions of the Public Procurement and Asset Disposal Act, 2015. To ensure that suppliers for goods and services were accorded opportunities without discrimination; the Board employed the following strategies:

- Advertising tenders on the website and newspapers
- Procuring through open tender

A whistle blowing policy was developed and is in place awaiting approval by the Board.

b) Responsible Supply chain and supplier relations

The Board has continued to improve supplier relationship management. In 2023/24FY, special groups i.e. youth, women and PLWDs were capacity built on government procurement procedures, requirements for accessing government procurement opportunities and the specific opportunities available at NG-CDF Board. Furthermore, the Board has a clear provision that suppliers are to be paid within 30 days of as stipulated in its ISO procedures. In cases where there are delays in payment, the supplier is notified in good time. The Board ensured that by the end of the FY there were no pending bills.

- c) Responsible marketing and advertisement
- d) Product stewardship

In compliance with the 2023/24 performance contract, the Board conducted a transparent and objective customer satisfaction survey to determine the levels of customer satisfaction and areas of improvement. The main objective of the survey was to assess customers' overall satisfaction and perception on NG-CDF Board's implementation of its mandate and whether their service expectations are fully met by the Board.

V. Best Practice Demonstration Programme

As part of its strategy towards the realization of its mandate on encouraging best practices in the implementation of projects, the Board developed a Best Practice Projects Demonstration Programme (formerly referred to as CSR). The objective is to demonstrate appropriate approaches in the implementation of projects. The programme is meant to guide stakeholders in embracing requisite values that encourage continuous improvement by demonstrating ideal approaches in project implementation. In 2023/2024 financial year, the Board allocated Kshs. 200, 000,000 towards this programme. During the financial year, the Board continued to monitor the implementation of ongoing projects initiated in the previous financial years which have since been completed as illustrated below.

1. **Purchase of School Buses:** Two PWD-friendly semi-luxury school buses were purchased. These buses, each with a 46-seater capacity, were acquired to enhance the transportation needs of students, including those with disabilities. The total cost for these two projects amounted to Kshs. 19,362,000.
2. **Classroom Construction and Equipping:** The construction of classrooms represented the largest number of projects under Best Practices, focusing on the construction and equipping of new classrooms to expand the learning space for schools. A total of 47 classrooms were constructed across various primary and secondary schools. These projects aimed to improve learning environments by providing modern and equipped classrooms. The combined contract sums for these classrooms totalled to Kshs. 79,809,258.40.
3. **Science and ICT Laboratory Construction and Equipping:** Schools benefited from the construction and equipping of science and ICT laboratories to promote Science, Technology, Engineering, and Mathematics (STEM) education. A total of 5 such projects were implemented, with a cost of Kshs. 26,040,646.86.
4. **Administration Block Construction:** Four projects focused on constructing and equipping administration blocks, providing necessary office spaces for school leadership and staff. These blocks were essential for streamlining administrative functions in the schools and improving the management of school operations. The total contract sum for these projects was Kshs. 24,293,286.00.

5. **Libraries and Other Educational Support Infrastructure:** In addition to classrooms and laboratories, two (2) projects were aimed at constructing and equipping libraries and dormitories. The total cost for these projects was Kshs. 15,121,380.00.
6. **Other Infrastructure Improvements:** These included construction of NGAO offices and borehole at a cost of Kshs. 13,832,720.00.

In total, during the 2023/2024 FY, the Board under Best Practice Demonstration Programme completed 61 units at a cost of Kshs. 178,459,291.26. Through the engagement with various constituencies in implementing this programme, the Board has learned that fostering strong partnerships and maintaining transparency in project management are essential for success. These experiences have highlighted the need for continuous community involvement and feedback to ensure that projects are relevant, sustainable, and aligned with local needs. Such lessons serve as valuable insights for improving future project implementations.

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the NGCDF Board affairs.

i) Principal activities

The principal functions of the NGCDF Board continue to be to:

- a) Consider project proposals submitted from various constituencies in accordance with the Act, approve for funding those projects proposals that are consistent with the Act and send funds
- b) to respective Constituency operations account of the approved projects;
- c) Ensure timely and efficient disbursements of funds to every constituency;
- d) Ensure efficient management of the Fund;
- e) Coordinate the implementation of projects at the inter-constituency level;
- f) Receive and address complaints that may arise from the implementation of the Act;
- g) Encourage best practices in the implementation of projects;
- h) Administer the funds and assets of the Board in such manner and for such purpose as shall promote the best interest of the Board in accordance with the Act to ensure efficient management of the Fund; and
- i) Perform such other duties as the Board may deem necessary from time to time for the proper management of the Fund.

ii) Results

The results of the NGCDF Board for the year ended June 30, 2024, are set out on page 1 to 33 of this report

iii) Directors

The members of the Board of Directors who served during the year are shown on page viii to xii.

iv) Surplus remission

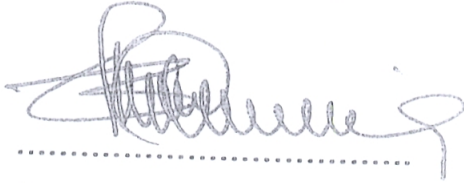
The NGCDF Board did not make any surplus during the year and hence no any remittance to the Consolidated Fund. Section 7(1) of NGCDF Act 2015 as amended in 2023 provides that all receipts, savings and accruals at the Fund and the balance of the Fund at the end of each financial year shall be retained in the Fund, and applied in accordance with this Act.

v) Auditors

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD
Annual Report and Financial Statements
for the year ended June 30, 2024.

The Auditor-General is responsible for the statutory audit of the NGCDF Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board.



.....

Simon Ndweka
Corporate Secretary/Secretary to the Board

12. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and *section 14 of the State Corporations Act*, require the Directors to prepare financial statements in respect of the *NGCDF Board*, which give a true and fair view of the state of affairs of the *NGCDF Board* at the end of the financial year/period and the operating results of the *NGCDF Board* for that year/period. The Directors are also required to ensure that the *NGCDF Board* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *NGCDF Board*. The Directors are also responsible for safeguarding the assets of the *NGCDF Board*.

The Directors are responsible for the preparation and presentation of the *NGCDF Board's* financial statements, which give a true and fair view of the state of affairs of the *NGCDF Board* for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *NGCDF Board*; (iii) 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; (iv) Safeguarding the assets of the *NGCDF Board*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *NGCDF Board's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *NGCDF Act 2015 as amended in 2023*. The Directors are of the opinion that the *NGCDF Board's* financial statements give a true and fair view of the state of *NGCDF Board's* transactions during the financial year ended June 30, 2024, and of the *NGCDF Board's* financial position as at that date.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD
Annual Report and Financial Statements
for the year ended June 30, 2024.

The Directors further confirms the completeness of the accounting records maintained for the *NGCDF Board*, which have been relied upon in the preparation of the *NGCDF Board's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the *NGCDF Board* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *NGCDF Board's* financial statements were approved by the Board on 27th September, 2024 and signed on its behalf by:



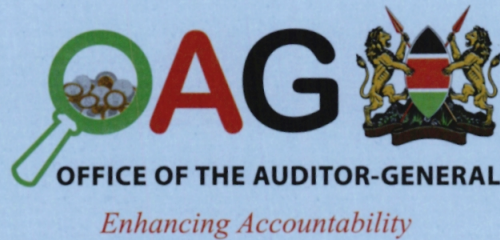
Yusuf Mbuno
Chief Executive Officer
Date: 5th December, 2024



Hon. John Olago Aluoch, CBS
Chairman of the Board
Date: 5th December, 2024

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 BOARD FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution of Kenya, 2010, 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 financial statements of National Government Constituencies Development Fund Board set out on pages 1 to 46, which comprise of the

Report of the Auditor-General on National Government Constituencies Development Fund Board for the year ended 30 June, 2024

statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, 2010 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 financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund Board as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund Board Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Completed Projects with Long Outstanding Payables

The statement of financial position reflects provisions of Kshs.952,415,084 which includes Best Practice-contractual owings and other provisions-contractual owings of Kshs.478,759,888 and Kshs.473,655,196 respectively as disclosed in Note 19B to the financial statements. However, records provided revealed that there were various completed projects with long outstanding payables of Kshs.129,217,278. No explanation was given for the non payment. The Management risk incurring additional cost in form of interest and penalties for failure to settle the payables on completed projects.

2. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects actual receipts of Kshs.3,142,936,266 against final budget receipts of Kshs.3,110,390,499 resulting in an overfunding of Kshs.32,545,767 of the revenue total budget. Further, the Board spent an amount of Kshs.3,077,528,656 against actual receipts of Kshs.3,142,936,266 resulting in an under-utilization of Kshs.65,407,610 of actual receipts.

The over-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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

Audit issues of prior year remained unresolved as at 30 June, 2023. Management explained that the Board was waiting for the invitation of the Decentralized Funds Accounts Committee of the National Assembly to deliberate on the issues.

Other Information

The Management are responsible for the other information set out on page ii to xviii, which comprise of Key NGCDF Board Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives. 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 -Board's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Delay in Projects Implementation

The statement of financial position reflects provisions relating to other payables balance of Kshs.952,415,084 as disclosed in Note 19B to the financial statements. The balance

includes an amount of Kshs.478,759,888 in respect to best practise - contractual owings. Review of projects documents related to the payables revealed that forty-one (41) projects with a total contract sum of Kshs.34,477,574 were behind schedule while eight (8) projects with a total contract sum of Kshs.49,092,918 had stalled. Projects not completed within scheduled time frame and stalled projects, may result in escalation of projected costs.

In the circumstances, value for money on delayed and stalled projects could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, 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 overall 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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 control as Management determines is necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Board's ability to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Board or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

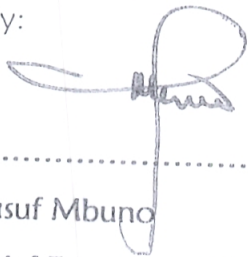
27 December, 2024

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD
 Annual Report and Financial Statements
 for the year ended June 30, 2024.

14. Statement of Financial Performance for the year ended 30 June 2024

	Notes	2023-2024	2022-2023
Revenue from non-exchange transactions			
Transfers from the National Treasury & planning	6	2,676,575,000	2,214,495,000
Revenue from exchange transactions			
Interest on deposits	7	111,351,388	43,538,857
Other income	7	1,194,378	1,488,375
Total revenue		2,789,120,767	2,259,522,232
Expenses			
Use of goods and services	8	1,258,147,582	966,707,058
Employee costs	9	1,212,871,366	1,097,530,938
Remuneration of directors	10	30,003,117	18,579,265
Depreciation and amortization expense	11	58,323,695	64,814,754
Repairs and maintenance	12	55,998,332	57,152,585
Contracted services	13	32,026,139	15,462,839
Tax Expense	26	18,946,555	13,061,657
Total expenses		2,666,316,786	2,233,309,096
Surplus/(deficit) for the period/year		122,803,981	26,213,133

The notes set out on pages 7 to 44 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



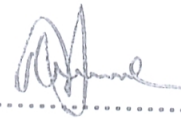
Yusuf Mbuno
 Chief Executive Officer

Date 5th December, 2024



James Chebii
 Manager Financial Services
 ICPAK M/No: 6912

Date 5th December, 2024



Hon. John Olago Aluoch, CBS
 Chairman of the Board

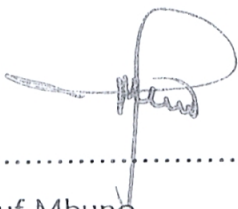
Date 5th December, 2024

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD
Annual Report and Financial Statements
for the year ended June 30, 2024

15 Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
Current assets			
Cash and cash equivalents	14	1,474,570,692	1,231,109,396
Receivables from exchange transactions	15	41,522,386	36,377,717
Receivables from non-exchange transactions	16	-	240,662
		1,516,093,078	1,267,727,775
Non-current assets			
Property, plant and equipment	17	689,547,464	278,198,518
Intangible assets	18	319,842	456,917
		689,867,306	278,655,436
Total assets		2,205,960,384	1,546,383,211
Current liabilities			
Trade and other payables	19A	89,674,648	58,641,521
Provisions	19B	952,415,084	467,852,418
Current benefit obligation	20	66,787,525	128,929,692
		1,108,877,257	655,423,631
Non-current liabilities			
Non-current employee benefit obligation	21	171,753,633	88,434,064
		171,753,633	88,434,064
Total liabilities		1,280,630,890	743,857,695
Net assets		925,329,494	802,525,516
Accumulated surplus		925,329,494	802,525,514

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



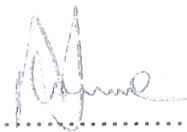
Yusuf Mbunio
Chief Executive Officer

Date 5th December, 2024



James Chebii
Manager Financial Services
ICPAK M/No: 6912

Date 5th December, 2024



Hon. John Olago Aluoch, CBS
Chairman of the Board

Date 5th December, 2024

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD
 Annual Report and Financial Statements
 for the year ended June 30, 2024.

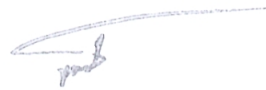
16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Retained earnings	Total
At July 1, 2022	776,312,381	776,312,381
Surplus /Deficit for the year	26,213,133	26,213,133
At June 30, 2023	802,525,514	802,525,514
At July 1, 2023	802,525,514	802,525,514
Surplus /Deficit for the year	122,803,981	119,689,338
At June 30, 2024	925,329,495	922,214,852



Yusuf Mbuno
 Chief Executive Officer

Date 5th December, 2024



James Chebii
 Manager Financial Services
 ICPAK M/No: 6912

Date 5th December, 2024



Hon. John Olago Aluoch, CBS
 Chairman of the Board

Date 5th December, 2024


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD
Annual Report and Financial Statements
for the year ended June 30, 2024

17. Statement of Cash Flows for the year ended 30 June 2024

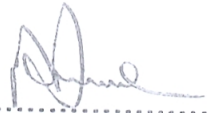
		2023-2024	2022-2023
Cash flows from operating activities			
Receipts			
Transfers from the National Treasury & planning	6	2,676,575,000	2,214,495,000
Interest on deposits	7	111,351,388	43,538,857
Other income		1,194,378	1,488,375
Total Receipts		2,789,120,767	2,259,522,232
Payments			
Use of goods and services	8	747,455,797	885,979,242
Employee costs	9	1,191,693,964	1,137,533,261
Remuneration of directors	10	30,003,117	18,080,091
Repairs and maintenance	12	55,998,332	57,152,585
Contracted services	13	32,026,139	15,462,839
Tax Expense	27	18,946,555	13,061,657
Total Payments		2,076,123,904	2,127,269,675
Cash flows from operating activities		712,996,863	132,252,557
Net Changes in working capital			
Net Cash flows from operating activities	22	712,996,863	132,252,556
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(469,535,565)	155,202,300
Proceeds from sale of property, plant and Equipment			
Net cash flows used in investing activities		(469,535,565)	(155,202,300)
Cash flows from financing activities		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		243,461,298	(22,949,744)
Cash and cash equivalents at 1 JULY 2023	15	1,231,109,394	1,254,059,138
Cash and cash equivalents at 30 June	15	1,474,570,692	1,231,109,394

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD
Annual Report and Financial Statements
for the year ended June 30, 2024

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


.....
Yusuf Mbuno
Chief Executive Officer


.....
James Chebii
Manager Financial Services
ICPAK M/No: 6912


.....
Hon. John Olago Aluoch, CBS
Chairman of the Board

Date 5th December, 2024

Date 5th December, 2024

Date 5th December, 2024

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

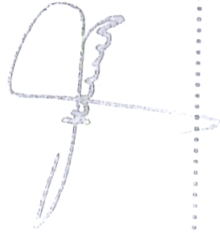
Particulars	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilisation
	2023-2024	2023-2024	2023-2024	30/06/2024	2023-2024	2023-2024
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from the National Treasury & planning	2,676,575,000		2,676,575,000	2,676,575,000	-	100%
Interest on deposits	50,000,000	30,000,000	80,000,000	111,351,388	(31,351,388)	139%
Gains on disposal of Motor Vehicles	-		-	-	-	
Other income			-	1,194,378	(1,194,378)	
Roll over Balance b/f	255,315,499		353,815,499	353,815,499	-	100%
Total income	2,981,890,499	30,000,000	3,110,390,499	3,142,936,266	(32,545,767)	
Expenses						
Use of goods and services	1,079,144,415	190,856,590	1,270,001,005	1,258,147,582	11,853,423	99%
Employee costs	1,237,286,084	(24,612,600)	1,212,673,484	1,212,871,366	(197,882)	100%
Remuneration of directors	30,000,000	-	30,000,000	30,003,117	(3,117)	100%
Repairs and maintenance	76,400,000	750,000	77,150,000	55,998,332	21,151,669	73%
Contracted services	13,060,000	13,920,000	26,980,000	32,026,139	(5,046,139)	119%
Tax Expense	15,000,000	9,000,000	24,000,000	18,946,555	5,053,445	79%
Purchase of Assets	531,000,000	(61,413,990)	469,586,010	469,535,565	50,445	100%
Total expenditure	2,981,890,499	128,500,000	3,110,390,499	3,077,528,656	32,861,843	99%

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

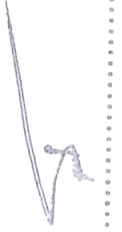
Budget notes

1. During the year the Board reviewed its activities as per the utilization at the end of the 2nd quarter which necessitated the revision of the budget hence the changes between the original and final budget.

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


.....
Yusuf Mbuno

Chief Executive Officer


.....
James Chebii

Manager Financial Services
ICPAK M/No: 6912


.....
Hon. John Olago Aluoch, CBS

Chairman of the Board

Date 5th December, 2024

Date 5th December, 2024

Date 5th December, 2024

19. Notes to the Financial Statements

1. General Information

The National Government Constituencies Development Fund Board is established by and derives its authority and accountability from NG CDF Act 2015 as amended in 2023. The NG CDF Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The NG CDF Board's principal activity is to ensure timely and efficient disbursement of funds for implementation of approved projects to every constituency.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the NG CDF Board's accounting policies. The areas involving a higher degree of judgement 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 and presented in Kenya Shillings, which is the functional and reporting currency of the NG CDF Board. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, NGCDF ACT of 2015 as amended in 2023 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial</p>

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Standard	Effective date and impact:
	<p>statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.

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Standard	Effective date and impact:
	<ul style="list-style-type: none"><li data-bbox="639 293 1450 483">• IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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Notes to the Financial Statements (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<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 gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</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 to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

- iii. *Early adoption of standards*

The NG CDF Board did not early adopt any new or amended standards in year 2023/2024.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The NG CDF Board recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the NG CDF Board 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 realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The NG CDF Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

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 NG CDF Board.

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the NG CDF Board's right to receive payments is established.

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 for the 2023-2024 was approved by the National Assembly on *June 2023*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the NG CDF Board upon receiving the respective approvals in order to conclude the final budget.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The NG CDF Board's *budget* is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on 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.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the NG CDF Board operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) **Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over their useful life. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) 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 NG CDF Board 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.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the NG CDF Board. 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 NG CDF Board 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 NG CDF Board 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 NG CDF Board. Operating lease

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payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) 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.

h) Research and development costs

The NG CDF Board expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the NG CDF Board can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) 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 NG CDF Board 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 NG CDF Board measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

j) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or

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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*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

Provisions are recognized when the NG CDF Board 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 NG CDF Board 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.

l) Social Benefits

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

m) Contingent liabilities

The NG CDF Board 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.

n) Contingent assets

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The NG CDF Board 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

p) Changes in accounting policies and estimates

The NG CDF recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

q) Employee benefits

Retirement benefit plans

The NG CDF Board employs staff on contract basis and are paid gratuity as per their contracts of employment.

r) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related parties

The NG CDF Board 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 NG CDF Board, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

u) Service concession arrangements

The NG CDF Board analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the NG CDF Board recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the NG CDF Board also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) 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 insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

w) Comparative figures

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

x) 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, 2023.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the NG CDF Board'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 judgements, 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 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

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Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 19B. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023-2024	2022-2023
Unconditional grants		
Operational grant from Fund	2,676,575,000	2,214,495,000
	2,676,575,000	2,214,495,000

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	2023-2024	2022-2023
Total		2,676,575,000	2,214,495,000
Fund		2,676,575,000	2,214,495,000

7. OTHER INCOME

Description	2023-2024	2022-2023
Interest income - co operative	86,909,173	22,404,538
Interest income - Equity Bank	14,938,470	13,537,928
Interest income - SBM	20,510	7,596,391
Interest Income - KCB	9,483,235	
Commissions and Others	1,194,378	1,488,375
Total other income	112,545,767	45,027,232

8. USE OF GOODS AND SERVICES (Continued)

Description	2023-2024	2022-2023
Telephone, Electricity, internet & courier	13,444,625	10,154,234
Travel cost	22,824,180	16,081,129
Daily Subsistence Allowance	300,917,459	176,557,790
Publishing and Printing	24,163,948	
Newspapers	919,866	761,680

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Adverting, awareness and publicity	16,817,758	12,790,469
Best Practice	380,000,000	199,148,749
Trade shows and exhibitions	3,969,275	2,513,000
Rent	45,882,091	38,006,144
Training expenses	301,668,353	373,583,903
Catering Services	8,155,477	6,333,469
Insurance	96,649,681	79,229,832
General Office Suppliers	16,215,973	28,060,977
Fuel, Oils & Lubricants	17,376,846	12,456,468
Medical, Cleaning, membership, parking	9,142,051	11,029,214
Total Use of Goods and Services	1,258,147,582	966,707,058

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Notes to the Financial Statements (Continued)

9. EMPLOYEE COSTS

Description	2023-2024	2022-2023
Personnel Emoluments	467,416,937	433,226,285
Other Personnel Emoluments	566,386,130	511,528,232
Temporary Employees	5,774,726	12,346,582
Leave Allowance	6,727,548	6,252,300
NSSF paid by employer	6,080,000	853,000
AHL paid by employer	15,719,315	-
Gratuity & Pensions	144,766,710	133,324,539
Total Employee costs	1,212,871,366	1,097,530,938

10. REMUNERATION OF DIRECTORS

Description	2023-2024	2022-2023
Chairman/Directors' Honoraria	755,000	-
Sitting allowances	16,203,000	9,852,000
Medical Insurance	341,121	499,174
Induction and Training	-	-
Travel and accommodation	3,754,226	784,291
Other allowances	8,949,770	7,443,800
Total Remuneration Of Directors	30,003,117	18,579,265

11. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2023-2024	2022-2023
Property, plant and equipment	58,186,619	64,618,932
Intangible assets	137,075	195,822
Total depreciation and amortization	58,323,695	64,814,754

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12. REPAIRS AND MAINTENANCE

Description	2023-2024	2022-2023
Vehicles	13,566,219	11,905,755
Furniture and fittings	128,965	116,660
Computers and accessories	41,910,846	36,846,628
Building	392,302	8,283,542
Total repairs and maintenance	55,998,332	57,152,585

13. CONTRACTED SERVICES

Description	2023-2024	2022-2023
Contracted Services	32,026,139	15,462,839
Total contracted services	32,026,139	15,462,839

14. CASH AND CASH EQUIVALENTS

Description	2023-2024	2022-2023
Current account	1,392,185,801	1,147,580,080
Saving account	-	644,426
KDIC	82,384,891	82,884,891
Total cash and cash equivalents	1,474,570,692	1,231,109,397

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Notes to the Financial Statements (Continued)

14 (a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2023-2024	2022-2023
i. Current account			
Kenya Commercial bank	1104168863	195,277,679	34,876,621
Kenya Commercial bank-ESP	1145351190	1,855	5,815,116
Co-operative bank of Kenya	01141199366100	927,991,680	730,928,914
Equity Bank-Gratuity	1770271336731	268,914,557	231,915,063
SBM-Current 0088068320001	0088068320001	-	144,044,365
Sub- total		1,392,185,801	1,147,580,079
ii. Saving Account			
SBM bank 0088068320011	0088068320011	-	644,426
Sub- total		-	644,426
KDIC		82,384,891	82,884,891
Grand total		1,474,570,692	1,231,109,396

15. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2023-2024	2022-2023
Vivo Energy	2,000,000	2,000,000
Kenya Airways	2,000,000	2,000,000
Insurance	37,522,386	32,377,717
Total current receivables from exchange transaction	41,522,386	36,377,717

16. RECEIVABLES FROM NON-EXCHANGE CONTRACTS

Description	2023-2024	2022-2023
Un-Surrendered imprests	-	-
Salary Advance	-	240,662
Total current receivables from non-exchange transactions	-	240,662

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Notes to the Financial Statements (Continued)

17. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Furniture and fittings	Computers	Capital Work in Progress	Total
Cost	Shs	Shs	Shs		Shs
At 1 July 2022	190,589,627	179,793,733	172,131,682	-	542,515,042
Additions	39,091,500	-	56,110,800	60,000,000	155,202,300
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2023	229,681,127	179,793,733	228,242,482	60,000,000	697,717,342
Additions	39,586,010	-	-	429,949,555	469,535,565
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2024	269,267,137	179,793,733	228,242,482	489,949,555	1,167,252,907
Depreciation and impairment					-
At 1 July 2022	145,108,826	88,378,371	121,412,695	-	354,899,892
Depreciation	21,143,075	11,426,920	32,048,936	-	64,618,932
Impairment	-	-	-	-	-
At 30 June 2023	166,251,901	99,805,291	153,461,631	-	419,518,824
Depreciation	25,753,809	9,998,555	22,434,255	-	58,186,619
Impairment	-	-	-	-	-
At 30th June 2024	192,005,710	109,803,846	175,895,886	-	477,705,443
Net book values					-
At 30th June 2024	77,261,427	69,989,887	52,346,596	489,949,555	689,547,464
At 30th June 2023	63,429,226	79,988,442	74,780,851	60,000,000	278,198,519

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Notes to the Financial Statements (Continued)

18. INTANGIBLE ASSETS

	2023-2024	2022-2023
Cost	KShs	KShs
At beginning of the year	11,322,835	11,322,835
Additions	-	-
At end of the year	11,322,835	11,322,835
Additions-internal development	-	-
At end of the year	11,322,835	11,322,835
Amortization and impairment		
At beginning of the year	10,865,918	10,670,096
Amortization	137,075	195,822
At end of the year	11,002,993	10,865,918
Impairment loss	-	-
At end of the year	11,002,993	10,865,918
NBV	319,842	456,917

19. A. TRADE AND OTHER PAYABLES

	2023-2024	2022-2023
Trade payables	43,193,948	7,452,054
Staff Salary Recovery	1,249,746	1,249,746
Non Staff Deposit	1,952,600	14,223,200
Best practise -Retention	43,278,354	35,716,521
Total trade and other payables	89,674,648	58,641,521

19 B. PROVISIONS

	2023-2024	2022-2023
Best practise -Contractual Owings	478,759,888	386,257,581
Other provisions - contractual Owings	473,655,196	81,594,837
Total	952,415,084	467,852,418

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20. EMPLOYEE BENEFIT OBLIGATIONS

Description	2023-2024	2022-2023
Current benefit obligation	66,787,525	128,929,692
Non-Current benefit obligation	171,753,630	88,434,064
Total employee benefits obligation	238,541,155	217,363,756

21. NON-CURRENT PROVISIONS

	2023-2024	2022-2023
Balance at the beginning of the year	217,363,756	257,366,078
Additional Provisions	140,165,474	128,969,045
Provision utilised	(118,988,075)	(168,971,367)
Change due to discount and time value for money		
Less: Current portion	(66,787,525)	(128,929,692)
Total	171,753,630	88,434,064

22. CASH GENERATED FROM OPERATIONS

	2023-2024	2022-2023
Deficit for the year before tax	122,803,981	26,213,133
Adjusted for:		
Depreciation	58,323,695	64,814,754
Working Capital adjustments		
(Decrease)/Increase in Current Employee benefit obligation	(62,142,167)	10,059,571
(Decrease)/Increase in Non-Current Employee obligation	83,319,569	(50,061,893)
Increase/(Decrease) in Payables	31,033,127	(15,024,232)
Increase/(Decrease) in Provisions	484,562,666	93,849,955
(Increase)/Decrease in Receivables	(4,904,007)	2,401,268
Adjustment		
Net cash flow from operating activities	712,996,863	132,252,556

Notes to the Financial Statements (Continued)

23. Financial Risk Management

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

i) Credit risk

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

Financial Risk Management

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

	Total amount	Fully performing	Past due	Impaired
At 30 June 2024				
Receivables from exchange transactions	41,522,386	41,522,386	-	-
Receivables from non-exchange transactions	0	0	-	-
Bank balances	1,474,570,692	1,499,038,039	-	-
Total	1,516,093,078	1,540,560,425	-	-
At 30 June 2023				

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Receivables from exchange transactions	36,377,717	36,377,717	-	-
Receivables from non-exchange transactions	240,662	240,662	-	-
Bank balances	1,231,109,396	1,231,109,396	-	-
Total	1,267,727,775	1,267,727,775	-	-

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The 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.

	Less than 1 month	Between 1-3 months	Over 5 months	
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables		997,646,038	-	997,646,038
Total		997,646,038	-	997,646,038
At 30 June 2023				
Trade payables		517,792,139	-	517,792,139
Total		517,792,139	-	517,792,139

iii) **Market risk**

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

a) **Interest rate risk**

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

iv) **Capital Risk Management**

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

	2023-2024	2022-2023
	Kshs	Kshs
Retained earnings	122,803,981	26,213,133
Capital fund	802,525,517	776,312,381
Total funds	925,329,498	802,525,514
Total borrowings	-	-
Less: cash and bank balances	-1,474,570,692	-1,231,109,397
Net debt/(excess cash and cash equivalents)	549,241,194	428,583,880
Gearing	0%	0%

24. Related Party Disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. The following are related party transactions that took place during the year:

Description	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from Fund	2,676,575,000	2,214,495,000
Total	2,676,575,000	2,214,495,000
b) Key management compensation		
Board Allowances	16,203,000	18,579,265
Board Expenses	13,800,117	-
Total	30,003,117	18,579,265

25. Capital Commitments

Capital commitments of Kes. 492,076,129 is Owings towards ongoing Best practice demonstration projects

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26. TAX EXPENSE

	2023-2024	2022-2023
Co operative bank	13,036,376	6,721,361
Equity bank	4,481,541	4,061,379
SBM Bank	6,153	2,278,917
KCB Bank	1,422,485	
Total	18,946,555	13,061,657

27. Events after the Reporting Period

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

28. Currency

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

Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Other Matter Unresolved prior Year Matters Audit issues of prior year remained unresolved as at 30 June, 2023. Management explained that the Board was awaiting for the invitation of the Decentralised Funds Accounts Committee of the National Assembly to deliberate on the issues</p>	<p>The Board was invited by the Decentralised Funds Committee of the National Assembly (DFAC) to appear before it to respond to audit issues raised by the Office of Auditor General for financial years 2016-2017 to 2021-2022. The Board appeared before the committee from the 11th to 14th August, 2023 and we are awaiting for the committee to submit its recommendations for further action.</p>	<p>Resolved / Not Resolved</p>	

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<p>Basis of Conclusion</p> <p>Delay in Project implementation</p> <p>The statement of financial position reflects provisions relating to other payables balance of Kshs. 467,852,418 as disclosed in Note 19B to the financial statements. The balance includes an amount of Kshs. 386,257,581 in respect to best practise – contractual Owings. Review of projects related to the payables revealed that nineteen (19) projects with a total contract sum of Kshs. 102,844,220 were behind schedule while six (6) projects with a total contract sum of Kshs. 26,263,773 had stalled. Projects not completed within scheduled time frame and stalled projects may result in escalation of projected costs. In the circumstances, value for money on delayed and stalled projects could not be confirmed.</p>		
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YUSUF MBUNO
 C.E.O NG CDF BOARD

Date:

Appendix II: INTER ENTITY TRANSFERS

ENTITY NAME:		NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND BOARD		
Break down of Transfers from the Fund				
FY 2023/2024				
a.	Recurrent Grants	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		23/08/2023	645,541,190	2023/2024
		15/01/2024	800,000,000	2023/2024
		15/01/2024	600,000,000	2023/2024
			631,033,810	2023/2024
		Total	2,676,575,000	

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