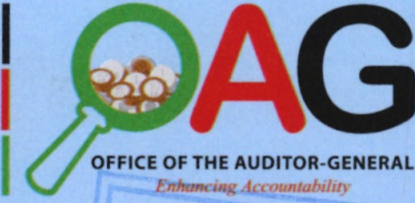


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 25 FEB 2026 DAY: WEDNESDAY

TABLED BY: HON. NAOMI WAQO

CLERK-AT-TABLE: DEPUTY MAJORITY WHIP  
RUTHEN NGINYO

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OF

THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
SOUTH MUGIRANGO CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE, 2025



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**SOUTH MUGIRANGO CONSTITUENCY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> JUNE 2025**

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**Transitional Financial Statements Under International Public Sector Accounting Standards (IPSAS)**

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

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## 1. Acronyms and Definition of Key Terms

### A. Acronyms

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

### B. Definition of Key Terms

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

**Comparative Year-** Means the prior period.

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

## **2. Key Constituency Information and Management**

### **(a) Background information**

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

### **Mandate**

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

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

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

### **Vision**

Equitable Socio-economic development countrywide.

### **Mission**

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

### **Core Values**

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

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**Functions of NG-CDF Committee**

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

**(b) Key Management**

The NGCDF South Mugirango Constituency's day-to-day management is under the following key organs:

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

**Fiduciary Management**

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

No	Designation	Name
1.	AIE holder	Francis Ogutu Onyango
2.	National Sub-County Accountant	Richard Nyachoti
3.	Chairman NGCDFC	Teresa Mose Bochere
4.	Member NGCDFC	Ezekiel Mogere
5.	Member NG CDFC	Jackline Manyura

**(c) Fiduciary Oversight Arrangements**

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF South Mugirango Constituency. The reports and recommendations of the Audit Committee, when adopted by the NGCDF Board, are forwarded to the Constituency Committee for action. The Board forwards any matters that require policy guidance to the Cabinet Secretary and National Assembly Select Committee.

**(d) NGCDF South Mugirango Constituency Headquarters**

P.O. Box 991-40200  
CDF Office Complex Building  
Kamagambo Etago Road  
Nairobi, KENYA

**(e) NGCDF South Mugirango Constituency Contacts**

Telephone: (254) 725912723  
E-mail: [cdfsouthmugirango@ngcdf.go.ke](mailto:cdfsouthmugirango@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(f) NGCDF South Mugirango Constituency Bankers**

1. Operations Account  
Cooperative Bank  
Rongo Branch  
P.O.Box 91-40404  
Rongo
2. Deposit account  
Kenya Commercial Bank  
Rongo Branch  
P.O. Box  
Rongo
3. PMC Accounts  
Cooperative Bank  
Kenya Commercial Bank  
Eco Bank  
P.O. Box

**(g) Independent Auditor**





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

**(h) Principal Legal Adviser**

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

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**3. NGCDF Committee**


Name	Details
 Teresa Mose Bochere-Chair	Date of birth: 2 <sup>nd</sup> June 1976 Academic Qualification: Diploma in early childhood Education Work Experience: Peasant farmer. currently serving chair NG CDF Committee South Mugirango
 Ezekiel Mogere-Secretary	Date of birth: 1 <sup>st</sup> January 1978 Academic Qualification: Kenya certificate of secondary Education Work Experience: Peasant farmer. currently serving NG CDFC Committee member South Mugirango Constituency representing Male adult and the secretary to the committee
 Nicodemus Ontomwa-PWD	Date of birth: 1 <sup>st</sup> July 1978 Academic Qualification: Education Proficiency Certificate Work Experience: Peasant farmer. currently serving NG CDFC Committee member South Mugirango Constituency representing persons living with Disability.
 Sabela Machogu –Female Youth Representative	Date of birth: 1 <sup>st</sup> January 1991 Academic Qualification: Kenya Secondary School Education Work Experience: Care giver and currently serving NG CDFC Committee member South Mugirango Constituency representing female Youth.

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 David Agega-Male Youth Representative	<p>Date of birth: 16<sup>th</sup> August 1993          Academic Qualification: Certificate in business management          Work Experience: Boda Boda rider currently serving NG CDFC Committee member South Mugirango Constituency representing Youth.</p>
 Justus Nyabuto-Male Constituency Nominee	<p>Date of birth: 1<sup>st</sup> January 1965          Academic Qualification:          Work Experience: Peasant farmer and currently serving NG CDFC Committee Member South Mugirango Constituency</p>
 Jackline Manyura-Female Constituency Nominee	<p>Date of birth: 1<sup>st</sup> January 1974          Academic Qualification: Kenya Certificate of Secondary Education          Work Experience: Peasant Farmer and currently serving NG CDFC Female Constituency office nominee South Mugirango</p>
 Job Ochari- Board Co-opted Member	<p>Date of birth: 24<sup>th</sup> September 1964          Academic Qualification: Bachelor of Arts Degree in Psychology &amp; mental health          Work Experience: Peasant farmer and currently serving NG CDFC board Co-opted to the committee South Mugirango</p>
 Samuel Towett-DCC	<p>Date of birth: 1<sup>st</sup> July 1967          Academic Qualification: Bachelor of Arts Degree in education          Work Experience: Currently serving Deputy County Commissioner Gucha South Sub County</p>

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 <p>Francis Onyango-Fund Account Manager</p>	<p>Date of birth: 30<sup>th</sup> March 1978 Academic Qualification: Master of Art in economics Work Experience: Currently serving Fund Account Manager NG-CDF board South Mugirango Constituency.</p>

#### 4. NG-CDFC Chairman's Report



Teresa Mose Bochere  
***South Mugirango NG CDFC Chairperson***

The financial years of 2024/ 2025 started off well with a lot of plans for the constituency. We held consultative meetings of development from different groups to enable the committee execute their mandate on implementing various project whose soul goal is to make south mugirango constituency the best in the region in terms of development and better lives. It's through this meetings different projects proposed at ward levels. The projects that were proposed were construction of classrooms, school administration offices, and science labs, purchase water tanks for school and request for additional funds from the board to complete ongoing major projects. After deliberations a budget of Ksh. 188,476,052 was derived.

During the financial years under review South Mugirango Constituency received Kshs.218, 560,254 from NGCDF Board. This was inclusive of the previous outstanding funds pending approval from the board and another Kshs. 156,000,000 being part of Ksh. 188,476,052.19 of the approved allocations of financial year 2024/2025. At the closure of the financial year a total of Ksh.32, 476,052.19 was still pending for approval from the NG CDF board.

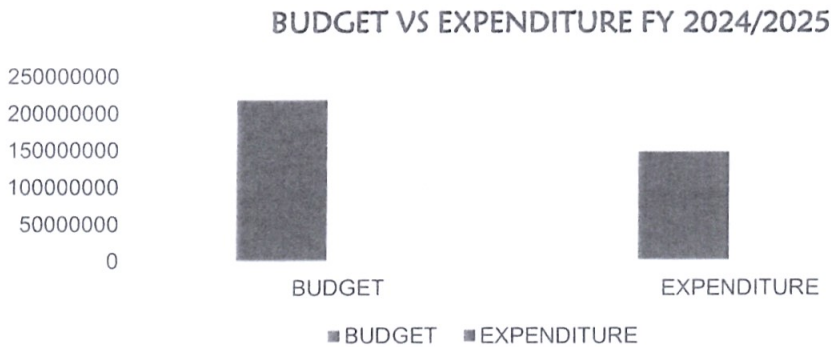
From the disbursed funds from the board the South Mugirango Constituency Committee allocated a Kshs. 147,580,448.50 to various projects which was about 67.5% of the total funds disbursed by the NG CDF board in the financial year 2024/2025.

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The following is the graphical analysis of the annual budget against the annual expenditure for the FY 2024/2025

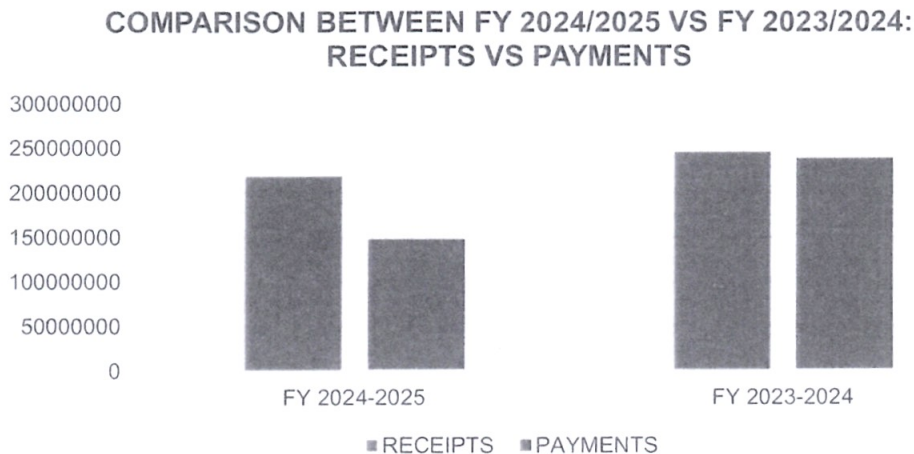
**1. BUDGET VS EXPENDITURE FY 2024/2025**



South Mugirango NG-CDF managed to implement various projects within the constituency during the financial year 2024/2025 under review that were brought forward as shown below through the graphical comparison analysis.

Below is the graphical analysis that shows the comparisons between financial years 2024/2025 and financial years 2023/2024 both in receipts and payments.

**2. COMPARISON BETWEEN FY 2024/2025 VS FY 2023/2024: RECEIPTS VS PAYMENTS**



**Key Achievements**

During the financial year 2024-2025 the Committee managed only to implement projects carried forward from the previous financial year 2023-2024 that were implemented in the financial years 2024/2025. The committee also disbursed bursaries to learning institutions amounting to Ksh. 73,782,000 during the financial year 2024-2025.

Provided below are some of the sample pictures of the projects implemented during the financial year 2024/2025



Gotichaki Elck Comprehensive



Ibencho D.E.B Primary School



Iringa Primary School



Nduru Sub Location Office

### **Emerging Issues**

Emerging issues include:

1. High poverty index leading to high needs towards bursary kitty

2. High cost of living leading to high cost of construction materials as a result the high cost affects the budget leads leading to less implementation of projects that could have improved the state of economy and lives within the constituency.

### **Challenges and way forward**

The serious challenge is the projects implementation witnessed by the committee during the financial year due late disbursement of funds of which majority were disbursed towards the end of the financial year and some funds disbursed after the closure of the financial year this negatively impacted on the funds absorption and non-implementation compliance of projects and timelines.

The NGCDF Board should therefore ensure timely approval and disbursement of funds to the constituency committees for timely implementation of projects.



.....

**Name; Teresa Mose Bochere**  
**Chairman NGCDF Committee**

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

**Introduction**

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

The key development objectives of the NGCDF South Mugirango Constituency 2022-2027 plan are to:

1. Education Accessibility
2. Environment and Natural Resources
3. Youth empowerment Activities
4. Security
5. Administration and Governance
6. Information Communication Technology
7. Emergency
8. Monitoring and Evaluation

Progress on the attainment of Strategic development objectives

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

Sector	Objective	Outcome	Indicator	Performance
Education	To improve and Expand education infrastructure	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels	In FY 2024/25 We constructed classrooms 4 new complete classrooms, renovated 4 classrooms. 4 ongoing storey classrooms and 1 ongoing storey multipurpose hall. Constructed to completion 2 and 5 ongoing administrations offices .13 ablution blocks in both primary and secondary learning institutions, drilled 1 borehole in Tabaka Secondary

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				School
Youth Empowerment Activities	To Nurture talent and empower the youth economically	Equipping Youth with Skills for Employability, Business, and Entrepreneurship	Number of youths equipped with skills for employability, business and indentureship	
Security	To enhance security in the entire constituency	Enhancing physical infrastructure for security and public administration personnel	Number of infrastructures for security and public administration personnel	1 assistant chief constructed into completion and 1 administration police armory rehabilitated to completion
Administration and governance	To continually improve on the quality of South Mugirango NG-CDF and enhance efficiency on provision of public service for sustained socio-economic transformation	Training and capacity building of NG-CDF committee and staff Holding consultative forums with technical officers and other key stakeholders Implementation of the performance contract signed annually between NG-CDFCs and the Board Develop mechanisms that promote public participation in decision making Develop and implement a service delivery charter Preparation of a five year strategic plan for the constituency (2023-2027)	Number of training Trainings held for committee and staff Number of consultative meetings held with technical officers and key stakeholders	One training done to both the committee  4 consultative meeting held
Information communication and	Seek to Implement Digital	Construct and equip ICT centers across the	Number of ICT centers implemented	At planning stage

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Technology	Transformation during the plan period through enhancement of ICT infrastructure and services	constituency	across the constituency	
Climate change mitigation activities	To promote environmental sustainability in the constituency	Purchase of tree seedlings and their planting	Number of tree seedling purchased and planted	At planning stage
Monitoring and Evaluation	To strengthen the M&E function to improve tracking of implementation NG-CDF programs	Train NG-CDFC members on Participatory Project M&E Building capacity of PMCs on project management cycle Organizing regular projects monitoring field visits Review of the Strategic Plan	Number of trainings  Number of PMC trained  Number of field visits  Number of SP reviews	One training done  50 PMCs  12 project monitoring field visits

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**6. Governance Statement**  
**Appointment of NG-CDFC**

The establishment of the National Government Constituency Development fund Committee consist of;

- a) The national Government official responsible for the coordination of national government functions.
- b) Two men each nominated in accordance with sub section(3)of the NG CDF Act 2015,one of whom shall be a youth at the date of appointment.
- c) Two women nominated in accordance with subsection (3),one of whom shall be a youth at the date of appointment.
- d) One person with disability nominated by a registered group representing persons with disabilities in the constituency in accordance with sub section (3) of the Act
- e) Two persons nominated by the constituency established under regulations made pursuant to the parliamentary service Act.
- f) The officer of the board seconded in the constituency committee by the board who shall be an ex-officio member without a vote.
- g) One member co opted by the board in accordance with the regulations made by the board.

The quorum of the constituency committee shall be one half of the total membership.

The term of office of the members of the constituency committee shall be two years and shall be renewable but shall expire upon the appointment of a new constituency committee in the manner provided for in the act or as may be approved by the board.

Whenever a vacancy occurs in the constituency committee by reasons of resignation, incapacitation or demise of a member, the vacancy shall be filled from the same category of persons where the vacancy has occurred within a period of thirty days.

The constituency committee shall meet at least six times in a year but the committee shall not hold more than twenty four meetings in the same financial year including sub committee meetings.

**Removal from office;**

A member of the constituency office may be removed from office on any one or more of the following grounds;

- a. Lack of intergrity
- b. Gross misconduct
- c. Embezzlement of public funds
- d. Bringing the committee into disrepute through unbecoming personal public conduct.

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- e. Promoting unethical practices
- f. Causing disharmony within the committee
- g. Physical or mental infirmity

A decision to remove a member under subsection (13) shall be made through a resolution of at least five members of the committee and the member sought to be removed shall be given a fair hearing before the resolution is made.

**Dissolution of constituency Committee**

A person may present a petition to the board for the dissolution of a constituency committee setting out the alleged facts constituting any one or more of the following grounds for dissolution

- a) A serious violation of the constitution or any other law including a contravention of chapter Six
- b) Gross misconduct, whether in performance of the member's or office holder's function or otherwise;
- c) Incompetence
- d) Bankruptcy or
- e) Any other cause as may be deemed justifiable

**Functions of the NG CDFC**

- i. Capacity build Project Management Committees and sensitize the Community on the operations of the Fund
- ii. Consider all project proposals from all wards in the constituency and any other projects which the Committee considers beneficial to the constituency;
- iii. Ensure that all projects, proposed and approved for funding meets the requirements of Section 24 of the Act.
- iv. Ensure Project proposals submitted to the Board include detailed budget proposal, procurement and work plans
- v. Consult with relevant government departments to ensure that cost estimates for the projects are realistic
- vi. Monitor the implementation of projects as per the Monitoring and Evaluation framework prescribed by the Board;
- vii. Receive and address complaints concerning the implementation of projects and collectively respond to audit queries concerning the Fund at the Constituency level;
- viii. Ensure labelling of projects as per guidelines issued by the Board;
- ix. Recruit staff as per Section 45 of the Act.

**b. NG-CDFC Induction and training**

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This is done in every financial year by the National Constituency Development Board.

**c. Number of meetings;**

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

In South Mugirango Constituency, the NG-CDF Committee conducted eighteen meetings and, six sub-committee meetings.

Name of committee member	Meetings held											
	24/9/24	29/10/24	12/11/24	2/12/24	5/12/24	9/1/25	4/2/25	24/3/25	4/4/25	27/5/25	27/6/25	8/1/25
Teresa Bochere- Chairperson	√	√	√	√	√	√	√	√	√	√	√	
Ezekiel Mogere- secretary	√	√	√		√	√	√	√	√	√	√	
Francis Onyango- FAM	√	√	√	√	√	√	√	√	√	√	√	√
David Agega- Member	√	√			√	√	√	√	√	√	√	√
Samwel Towet- DCC	√	√			√	√	√	√	√	√	√	
Nicodemus Ontomwa- Member	√	√			√	√	√	√	√	√	√	
Sabella Machogu- Member	√	√			√	√	√	√	√	√	√	√
Jackline Manyura- Member	√	√			√	√	√	√	√	√	√	√
Job Ochari- Member	√	√			√	√	√	√	√	√	√	
Justus Nyabuto- Member	√	√			√	√	√	√	√	√	√	

**d. Remuneration Rates**

Each is entitled to Ksh. 5,000 per member and Ksh 7,000 for the chairperson.

**e. Disclose the policy on conflict of interest**

The Members are required to declare any conflict during meetings, which whenever declared, would be recorded in the minutes and in the register.

**f. Succession plan**

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

**g. Ethics and code of conduct**

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

**h. Risk Management**

The constituency has a risk policy which they observe and are required to maintain a risk register. The committee has the following responsibilities

- Identify and mitigate risks
- Identify and report

## 7. Management Discussion and Analysis

### Overview

South Mugirango constituency over the five years has pursued the goal of equality. Through NG CDF most of the undeveloped wards within the constituency have transformed through projects initiated by the committee guided by the NG CDF act. The main goal for the implementation of the projects is to have sustainability of the people within the constituency. The projects implemented have created environment for jobs like construction, quality education offering equality to all children within south mugirango and self-reliance by providing training for youths. Its through development that south mugirango has planned to construct ICT hubs in every constituency to allow youths do business online.

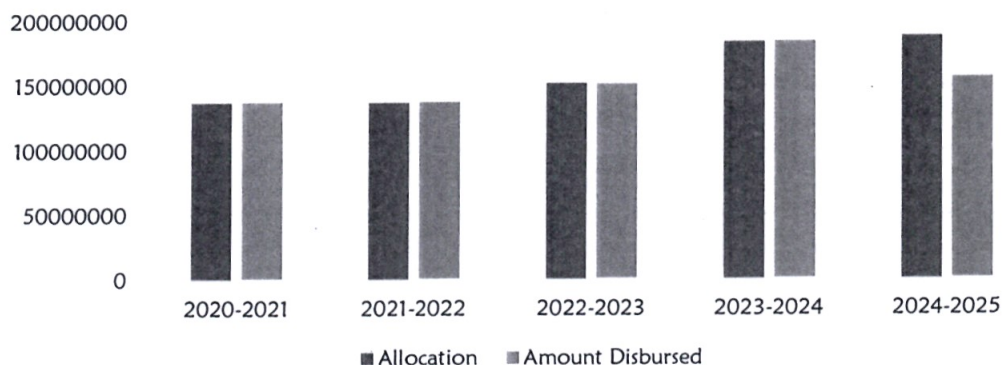
South Mugirango NG-CDF management would like to provide a detailed analysis of its performance in the various areas of operation and financial as follows;

#### a) Fund disbursement and expenditure

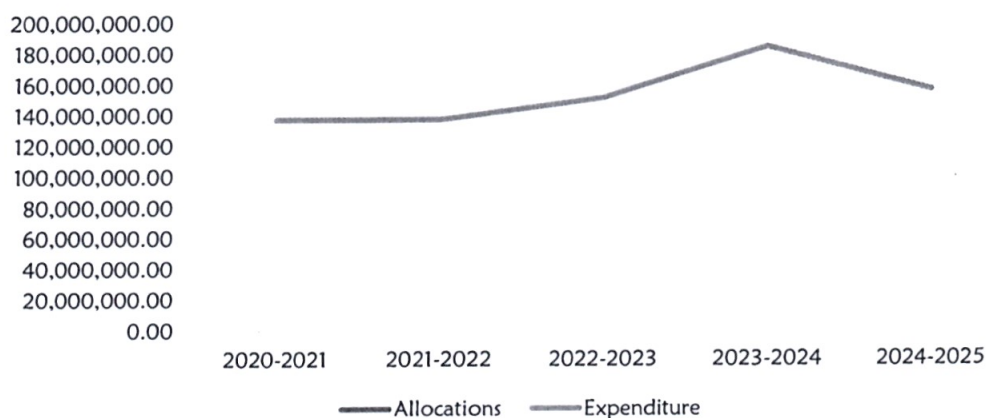
The following is the financial performance over the five years on various projects. The following analysis highlights key trends in revenue, expenditure, and budget utilization:

Financial Year	Allocation	Amount Disbursed	Percentage
2020-2021	137,209,879	137,209,879	100%
2021-2022	137,088,879	137,088,879	100%
2022-2023	151,960,174	150,855,954	95%
2023-2024	184,129,901	184,129,901	100%
2024-2025	188,476,052	156,000,000	82%
<b>Total</b>	<b>798,864,885</b>	<b>716,284,613</b>	

Allocations vs disbursement



Disbursement vs Expenditure



**b) Key Projects**

South Mugirango NG-CDF has been able to undertake key projects that will go into improving the infrastructure standards and also providing job opportunities to the residents of South Mugirango

The Fund has also been able to construct additional classrooms, Administration offices, science laboratories and renovations in the various primary and secondary schools, key among them are the ongoing storey buildings in; Iringa Primary School, Nyamondo Secondary School, Nyakorere Secondary School The storey buildings when complete shall be able to decongest the learning space for the students and provide conducive working area for

the teachers and administrators of the schools. They have also reduced the pressure on additional land for the institutions which has been a great challenge.

A part from the key projects indicated above, South Mugirango NG-CDF has equally provided infrastructure to various institutions across the constituency including the recent matching fund arrangement with the Ministry of Education to construct Junior Secondary School classrooms

**c) Compliance with statutory requirements.**

South Mugirango NG-CDF is an entity that is fully guided by the constitution of Kenya 2010, NG-CDF Act 2015, PFM Act 2012, PPADA 2015 and many other relevant laws and has been in full compliance of the same.

For instance, schedule four of the constitution 2010 has outlined the roles of National Government and County Government and in no instance has South Mugirango been cited for non-compliance.

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

**d) Sector Performance**

South Mugirango NG-CDF has been operational since 2004 but would provide financial analysis for the past five years on how much the entity has received and spend in the various critical sectors being Education and Security.

From the above data, South Mugirango NG-CDF has been able to receive a total of Ksh **716,284,613,20** as at 30.06.2025 for the last five financial years. The resources has been utilized to improve the various sectors in terms of infrastructure and provision of bursaries to needy students in secondary and tertiary institutions.

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

Financial Year	Sector	Budget	Expenditure
2024-2025	Capital grants to Education-Projects	72,800,000	-
	Education-Bursary	75,090,422	71,501,000
	Security Projects	691,047	691,047
2023-2024	Capital grants to Education-Projects	92,156,895	92,156,895
	Education-Bursary	73,651,960	73,651,960
	Security Projects		
	<b>Total</b>	313,814,026	275,969,255

Based on the above information for the last two financial years; the key consumer of the resources is Education sector with an average of % of the entire allocation and secondly the security sector with average of %..This is an indicator that the Fund has put more efforts in improving the academic standards of South Mugirango constituency through both the infrastructure and bursaries to needy students studying in various institutions.

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

**e) Review of the Economy, Sector and Future Developments**

The Kenyan Economy has not been doing well in the past years due to the many factors such as the Covid 2019 that reduce the business growth and hence revenue collection.NG-CDF as a fund was equally affected by the same whereby the cost of implementing projects increased hence affecting completion timelines and even the budget process.

In the last three years there has been improvement in the revenue growth which has led to increased budgetary allocation of the Fund even at the constituency level. This has been elaborated in the above table.

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With the intention to entrench the Fund in the Kenyan Constitution, there is a good chance that in the future the Fund will grow and be able to spur more economic growth at the constituency level. South Mugirango NG-CDF has put in place mechanisms through its strategic plan to ensure more projects are implemented within the next three years.



.....  
**Name: Francis Onyango**  
**Fund Account Manager**

## **8. Environmental and Sustainability Reporting**

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

### **1. Sustainability strategy and profile -**

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

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

## **2. Environmental performance**

The impacts of climate change such as resource scarcity and food insecurity can lead to heightened security risks including conflict between family members and neighbouring constituencies, it's because of this we are committed to building more prosperous future by providing services and projects that meet the development needs of our constituents.

## **3. Sustainability strategy and profile -**

To ensure sustainability of South Mugirango NG CDF, the committee funds the following key sectors with the following sustainable priorities.

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

#### **4. Environmental performance**

- In the FY 2024/2025 we were able to disburse a total of Ksh 14.6 Million to various schools to cater for the construct of pit latrines to keep the environment clean, we also drilled borehole for one of the secondary school, planted indigenous trees to conserve the soil and purchased water tanks to preserve water for use in various schools

#### **5. Employee welfare**

We invest in providing the best working environment for our employees. South Mugirango Constituency recruitment is guided by Employment Act, NGCDF Act, and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one-third gender rule and special groups. We also Recognize and appreciate our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance coverage through a reliable insurance Scheme. Employees are encouraged and supported to build on their skills and knowledge continually. South Mugirango Constituency invests in capacity-building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross-cutting issues.

The committee has a safety policy in compliance with the Occupational Safety and Health Act of 2007 (OSHA) and has ensured the work environment is conducive to everybody's movement and accessibility within the office, including PWDs. The Constituency has also put in place disaster-mitigating measures, including fire extinguishers and accessible escape routes in case of emergency.

## **6. Marketplace practices-**

South Mugirango Constituency is committed to fair and ethical market practices.

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

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

NGCDF has put in efforts to ensure:

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

## **7. Community Engagements-**

South Mugirango Constituency has endeavored to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through community projects.

### **Public Participation in Project Identification, Implementation, and Monitoring**

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

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

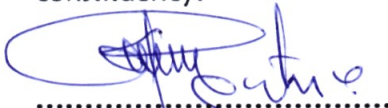
**Public participation** is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

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

**Public Awareness**

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

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



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**Name: Francis Onyango**  
**Fund Account Manager.**

## **9. Statement Of Management Responsibilities**

Section 81 (1) of the Public Finance Management Act, 2012, requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-South Mugirango Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; Safeguarding the assets of the entity; Selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-South Mugirango Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- South Mugirango Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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The Accounting Officer in charge of the NGCDF South Mugirango Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the *constituency's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

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

**Approval of the financial statements**

The NGCDF- South Mugirango Constituency financial statements were approved and signed by the Accounting Officer on 30<sup>th</sup> June 2025.



.....  
**Name: Teresa Mose**  
**Chairman – NGCDF Committee**



.....  
**Name: Francis Ogutu Onyango**  
**Fund Account Manager**

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT - SOUTH MUGIRANGO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - South Mugirango Constituency set out on pages 1 to 87, which comprise of the statement of financial position as at 30 June 2025 and the statement of financial performance, statement of changes in net assets, statement

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the National Government Constituencies Development Fund - South Mugirango Constituency at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public sector Accounting Standards (Accrual Basis) and comply with the National Constituencies Development Fund Act, 2015 (Amended 2022) and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Project Management Committee (PMC) Bank Balances**

The statement of financial position reflects Kshs.100,915,135 in respect to cash and cash equivalents as disclosed in Note 19 to the financial statements. Included in this balance is as disclosed by Note 19 and Annex 2 to the financial statement is Kshs.16,749,436 in respect to Project Management Committee (PMC) bank balances. However, the cash books, bank reconciliation statements and certificate of bank balances for the individual PMC account were not provided for audit review.

In the circumstances, the accuracy and completeness of the PMC bank balance of Kshs.16,749,436 could not be confirmed.

#### **2. Unsupported Bursary Payments**

The statement of financial performance and as disclosed in Note 14 to the Financial Statements reflects Kshs.73,210,501 in respect to other grants and transfers actual expenditure. This amount includes Kshs.41,895,000 relating to bursary secondary schools, Kshs.29,606,000 in respect to bursary tertiary institutions and Kshs.85,000 relating to bursary special schools. Examination of records however revealed that Kshs.5,325,629 of the expenditure was not supported by the acknowledgment receipts.

In the circumstance, the accuracy and completeness of the expenditure of Kshs.5,325,629 in respect to other grants and transfers could not be confirmed.

#### **3. Unsupported Drilling of Borehole, Installation of Solar and Water Distribution**

The statement of financial performance and as disclosed in Note 13 to the financial statement reflects Kshs.45,282,644 in respect to secondary schools actual expenditure. Examination of records of records revealed that this figure includes Kshs.5,000,000 relating to drilling of borehole and installation of solar and water distribution at Tabaka High School. However, the expenditure was not supported by the Environmental Impact Assessment (EIA), National Environment Management

Authority of Kenya (NEMA) Permit and tests pumping report to determine salinity of water and whether it is fit for human consumption.

In the circumstance, it was not possible to confirm the propriety of Kshs.5,000,000 in respect to drilling of borehole and installation of solar and water distribution.

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

## **Emphasis of Matter**

### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.336,708,670 and Kshs.303,128,397 resulting in an under funding of Kshs.33,580,273 or 10% of the budget. Similarly, the NGCDF expenditure amounted to Kshs.202,213,262 against the realised receipt of Kshs.303,128,397 resulting in an under-utilization of Kshs.100,915,315 or 33% of the actual receipts.

In the circumstances, the underfunding and under-utilization may have impacted negatively on the planned activities and on service delivery to the residents of the constituency.

### **2. Project Implementation Status**

The project implementation status report as at 30 June, 2025 indicated that one hundred and fifty-three (153) projects worth Kshs.231,724,691 were budgeted to be implemented during the year under review. However, thirteen (13) projects worth Kshs.25,306,889 were still ongoing and Sixty (60) projects worth Kshs.108,732,542 were not started. In view of the foregoing, South Mugirango Constituency did not get the expected services equivalent to seventy-three (73) ongoing and new/not started projects worth Kshs.134,039,431. This is an indication of inappropriate project implementation mechanism.

In the circumstances, there is need for Constituency Development Fund management to review its project planning mechanism with a view to prioritizing those projects which will be implemented during the year that result to higher impact into improving service delivery to the citizens of South Mugirango Constituency.

My opinion is not modified in respect of this matter.

## **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. Except for the matter described in

the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## Other Matter

### Unresolved Prior Year Audit Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report of Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the National Government Constituency Development Fund – South Mugirango Constituency in 2024/2025 revealed that the following twelve (12) issues remain unresolved:

S/No.	Financial Year	Audit Issue
1	2023/2024	Unsupported Bursary Payments
2	2023/2024	Unsupported Procurement of Buses
3	2023/2024	Budgetary Control and Performance
4	2023/2024	Construction of Two (2) Classrooms at Riagumo Primary School
5	2023/2024	Construction of Two (2) Classrooms at Bosaga DOK Primary Schools
6	2023/2024	Construction of Two (2) Classrooms at Eburi Primary Schools
7	2023/2024	Construction of Two (2) Classrooms at Iringa Primary Schools
8	2023/2024	Completion of Four (4) Classrooms on One-Storey Building Riasuta Primary Schools
9	2023/2024	Construction of Multipurpose Hall and Library at Nyamondo Secondary Schools
10	2023/2024	Lack of Inspection and Acceptance Committee Reports
11	2023/2024	Grounded Motor Vehicle
12	2023/2024	Failure to approve the Constituency Project Code List

## Other Information

The Management is responsible for the Other Information set out on page ii to xxxiii which comprise the NG-CDF Chairman's Report, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### 1. Transfer to Other Government Units

The statement of financial performance, and as disclosed in Note 13 to the financial statements, reflects an amount of Kshs.101,409,883 in respect of other government units actual expenditure. Examination of records however revealed the following incomplete projects;

##### 1.1 Fully Paid Incomplete Projects

The statement of financial performance, and as disclosed in Note 13 to the financial statements, reflected an amount of Kshs.101,409,883 in respect of Other Government Units Actual expenditure. Examination of records however revealed the following;

##### 1.1.1 Construction of 45 Student Capacity Science Laboratory at Ikoba Mixed Secondary School

The transfer to other government units includes Kshs.2,499,999 disbursed to Ikoba Mixed Secondary School for the Construction of 45 Student Capacity Science Laboratory. The audit review revealed that on 15 August, 2024, the Constituency entered into a contract with a company at a contract sum of Kshs.2,499,999. In the minutes of the inspection committee dated 27 August, 2024, the committee recommended for payment of the contract sum. However, audit verification of the project conducted on 17 September, 2025 revealed outstanding works such as, plastering of internal walls, fitting of doors and

windows, installation of gas system, plumbing works, electrical works and painting and installation of gutters had not been done. In addition, the certificate of completion was not provided for audit verification.

In the circumstances, the value for money for the expenditure of Kshs.2,499,999 could not be confirmed.

### **1.1.2 Construction of 5 Roomed Administration Block at Kenoria Primary School**

The transfer to other government units includes Kshs.1,497,000 disbursed to Kenoria Primary School for the Construction of Administration Block. The audit revealed that the Constituency entered into a contract with a company at a contract sum of Kshs.1,497,000 on 2 January, 2025. The inspection committee in their report dated 7 March, 2025 recommended for payment of the contract sum. However, audit verification of the project conducted on 17 September, 2025 revealed outstanding works such as, external and internal plastering, ceiling, tiling, installation of doors and windows and painting had not been done. In addition, the certificate of completion was not provided for audit verification.

In the circumstances, the value for money for the expenditure of Kshs.1,497,000 could not be confirmed.

### **1.1.3 Construction of 5 Roomed Administration Block at Nyabikondo Primary School**

The transfer to other government units includes Kshs.1,498,200 disbursed to Nyabikondo Primary School for the Construction of 5 Roomed Administration Block. The audit revealed that 2 January, 2025, the constituency entered into a contract with a company for the construction at a contract sum of Kshs.1,498,200. The inspection committee in their minutes dated 12 June, 2025 recommended for payment of the contract sum. However, audit verification of the project conducted on 17 September, 2025 revealed outstanding works such as external and internal plastering, ceiling, tiling not, installation of doors and windows, electrical works and painting had not been done. Similarly, the certificate of completion was not provided for audit verification.

In the circumstances, the value for money for the expenditure of Kshs.1,498,200 could not be confirmed.

### **1.1.4 Construction of Forty-Five (45) Student Capacity Science Laboratory at Marongo PAG Secondary School**

The transfer to other government units includes Kshs.2,497,470 disbursed to Marongo PAG Secondary School for the Construction of forty-five (45) student capacity science laboratory. The audit revealed that on 27 August, 2024, the Constituency entered into a contract with a company at a contract sum of Kshs.2,497,470. The inspection committee their minutes dated 19 September, 2024 recommended for payment of the contract sum. However, audit verification of the project conducted on 17 September, 2025 revealed outstanding works such as external and internal wall plastering, fitting of doors and windows, fixing work tops, installation of gas system, plumbing works, tiling, electrical works, painting and installation of gutters had not been done. Similarly, the certificate of completion was not provided for audit verification.

In the circumstances, the value for money for the expenditure of Kshs.2,497,470 could not be confirmed.

### **1.1.5 Construction of 5 Roomed Administration Block at Kebabe Primary School**

The transfer to other government units includes Kshs.1,498,200 disbursed to Kebabe

Primary School. The audit revealed that on 2 January, 2025, the Constituency entered into a contract with a company the construction at a contract sum of Kshs.1,498,200. The inspection committee in their minutes dated 17 April, 2025 recommended for payment of the contract sum. However, audit verification of the project conducted on 17 September, 2025 revealed outstanding works such as external and internal plastering, ceiling, tiling, installation of doors and windows, electrical works and painting works had not been done. Similarly, the certificate of completion was not provided for audit verification.

In the circumstances, the value for money for the expenditure of Kshs.1,498,200 could not be confirmed.

#### **1.1.6 Construction of 5 Roomed Administration Block at Mesaria Primary School**

The transfer to other government units includes Kshs.1,498,200 disbursed to Mesaria Primary School. The audit revealed that on 2 January, 2025, the Constituency entered into a contract with a company the construction of an administration block at a contract sum of Kshs.1,498,000. The inspection committee in their minutes dated 17 April, 2025 recommended for payment of the contract sum. However, audit verification of the project conducted on 17 September, 2025 revealed outstanding works such as external and internal plastering, ceiling, tiling, installation of doors and windows, electrical works and painting had not been done. Similarly, the certificate of completion was not provided for audit verification.

In the circumstances, the value for money for the expenditure of Kshs.1,498,200 could not be confirmed.

### **1.2 Delayed Completion of Projects**

The statement of financial performance, and as disclosed in Note 13 to the financial statements, reflects Kshs.101,409,883 in respect of other government units actual expenditure. Records examined however revealed the following;

#### **1.2.1 Construction of 4. No Classrooms (Ground Floor) at Iringa Primary School**

The transfer to other government units includes Kshs.1,498,200 disbursed to Iringa Primary School for the construction of 4. No Classrooms (Ground Floor). The audit revealed that on 24 November, 2023, the Constituency entered into a contract with a company for the construction at a contract sum of Kshs.6,998,150 for a contract period was nine (9) months. The inspection committee in their minutes dated 7 January, 2025 recommended for payment of the contract sum. However, audit verification of the project conducted on 17 September, 2025 revealed that the project was significantly behind schedule and the contract period had lapsed. The internal plastering and painting, installation of door and windows panes were not done. Further, external painting seemed to be poorly done and construction materials were left inside the classrooms. In addition, the percentage of completion as at the time of audit was at eighty (80%) percent. Similarly, the certificate of completion was not provided for audit verification.

In the circumstances, the value for money for the expenditure of Kshs.1,498,200 could not be confirmed.

### **1.2.2 Construction of Multipurpose Hall at Nyamondo Secondary School**

The transfer to other government units includes Kshs.6,800,640 disbursed to Nyamondo Secondary School for the construction Multipurpose Hall and Library Ground Floor. The audit revealed that on 22 November, 2023, the Constituency entered into a contract with a company at a contract sum of Kshs.6,800,640 for a contract period was eight (8) months and was to lapse on 30 July, 2024. However, physical verification of the project conducted on 17 September, 2025 revealed that the project was significantly incomplete and the contract period had lapsed. The inspection also revealed that internal plastering, tiling, electrical works and painting works had not been done. Further, the percentage of completion as at the time of audit was at eighty-five (85%) percent.

In the circumstances, the value for money for the expenditure of Kshs.6,800,640 could not be confirmed.

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

#### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

##### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

##### **Basis for Conclusion**

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

##### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

#### **Auditor-General's Responsibilities for the Audit**


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

to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

28 November, 2025


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


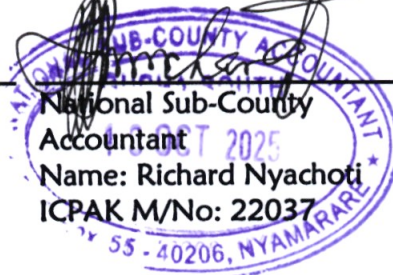
**11. Statement of Financial Performance for the Year Ended 30th June 2025**


	Note	2024/2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the NGCDF Board	6	188,476,052
Transfers from domestic and foreign partners	7	-
<b>Revenue from exchange transactions</b>		
Finance income	8	-
Miscellaneous income	9	-
<b>Total revenue</b>		<b>188,476,052</b>
<b>Expenses</b>		
Employee costs	10	3,633,327
Committee expenses	11	3,743,040
Use of Goods and Services	12	18,393,146
Other Government Units Actual expenditure	13	101,409,883
Other Grants and Transfers Actual expenditure	14	73,210,501
Depreciation and amortization expense	15	1,891,164
Digital Hubs Expenses Actual expenditure	16	-
<b>Total expenses</b>		<b>202,281,059</b>
<b>Other gains/(losses)</b>		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
<b>Surplus/(Deficit) for the year</b>		<b>(13,805,007)</b>

The Constituency financial statements were approved by the NGCDFC on 30<sup>th</sup> June 2025 and signed

by:

  
Chairman NG-CDF  
Committee  
Name: Teresa Mose

  
  
National Sub-County  
Accountant  
Name: Richard Nyachoti  
ICPAK M/No: 22037

  
Fund Account Manager  
Name: Francis Ogutu

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

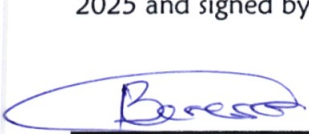
**12. Statement Of Financial Position As At 30th June, 2025**

	Note	2024/2025	Opening Statement 1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	19	100,915,135	84,567,855
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	33,580,273	63,664,763
Prepayments	22	-	289,004
<b>Total Current Assets</b>		<b>134,495,408</b>	<b>148,521,622</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	23	5,673,491	7,564,655
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
<b>Total Non- Current Assets</b>		<b>5,673,491</b>	<b>7,564,655</b>
<b>Total Assets (A)</b>		<b>140,168,900</b>	<b>156,086,278</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	26	-	-
Third Party Deposits	27	1,983,375	3,418,113
Lease Liabilities	28	-	-
Gratuity Provision	29	405,532	1,083,165
<b>Total Current Liabilities</b>		<b>2,388,907</b>	<b>4,501,278</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities	28	-	-
<b>Total Liabilities (B)</b>		<b>2,388,907</b>	<b>4,501,278</b>
<b>Net Assets (A-B)</b>		<b>137,779,993</b>	<b>151,585,000</b>
<b>Represented by:</b>			
Revaluation Reserves			
Accumulated Surplus		137,779,993	151,585,000
<b>Total Net Assets</b>		<b>137,779,993</b>	<b>151,585,000</b>

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

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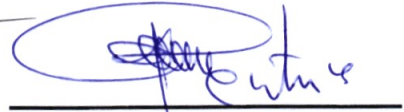
The Constituency financial statements set out on pages 1 to 20 approved by NG CDFC on 30 June 2025 and signed by:



**Chairman NG-CDF  
Committee  
Name: Teresa Mose Bochere**


**NATIONAL SUB-COUNTY ACCOUNTANT  
Name: Richard Nyachoti  
ICPAK M/No: 22037  
P.O. Box 55 - 40206, NYAMARAKE**



**Fund Account Manager  
Name: Francis O. Onyango**

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

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
<b>Fund Balance as at 30<sup>th</sup> June 2024</b>	7,622,254	-	7,622,254
<b>Adjustments</b>			
Recognition of Assets	148,464,024		148,464,024
Recognition of Liabilities	4,501,278		4,501,278
<b>As at July 1, 2024</b>	151,585,000		151,585,000
Surplus/(Deficit) For the Period	(13,805,007)		(13,805,007)
Revaluation Gain/Loss	-	-	-
<b>As at June 30, 2025</b>	<b>137,779,993</b>	-	137,779,993

Note:

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

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

	Notes	2024/2025
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the NGCDF Board		218,560,542
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
<b>Total Receipts</b>		<b>218,560,542</b>
<b>Payments</b>		
Employee costs		4,310,959
Committee expenses		3,743,040
Use of Goods and Services		17,202,458
Other Government Units Certified Works		103,702,104
Other Grants and Transfers		73,254,701
Digital Hubs Expenses		-
<b>Total Payments</b>		<b>202,213,262</b>
<b>Net Cash Flows from/ (used in) Operating Activities</b>	30	<b>16,347,280</b>
<b>Cash flows From Investing Activities</b>		
Purchase of PPE		-
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
<b>Net Cash Flows from Investing Activities</b>		<b>16,347,280</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>14,340,404</b>
<b>Cash Flows from Financing Activities</b>		
Lease Payment		-
<b>Net Cash Flows from Financing Activities</b>		<b>16,347,280</b>
Cash and cash equivalents at 1 July	19	<b>84,567,855</b>
<b>Cash and cash equivalents at 30 June 2025</b>	19	<b>100,915,135</b>

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024/2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024/2025	2024/2025		
<b>Revenue</b>							
Transfers From the NGCDF Board	188,476,052	84,567,855	63,664,763	336,708,670	303,128,397	33,580,273	<b>90%</b>
Transfers from domestic and foreign partners	-	-	-	-	-	-	0%
Finance income	-	-	-	-	-	-	0%
Miscellaneous income	-	-	-	-	-	-	0%
<b>Totals</b>	<b>188,476,052</b>	<b>84,567,855</b>	<b>63,664,763</b>	<b>336,708,670</b>	<b>303,128,397</b>	<b>33,580,273</b>	90%
<b>Expenses</b>							0%
Employee costs	4,390,745	3,463,547	-	7,854,292	3,633,327	4,220,965	46%
Committee expenses	3,520,000	989,947	-	4,509,947	3,743,040	766,907	83%
Use of Goods and Services	9,052,099	2,531,712	-	11,583,811	8,817,228	2,766,583	76%
Other Government Units Certified Works	72,800,000	76,044,176	55,139,545	203,983,722	103,702,104	100,281,617	51%
Other Grants and Transfers	94,430,754	1,289,391	(8,102,484)	87,617,661	73,159,116	14,458,545	83%
Digital Hubs Expenses	4,282,453	-	-	4,282,453	-	4,282,453	0%

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	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024/2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024/2025	2024/2025		
Acquisition of Assets	-	249,082	12,525,702	12,774,784	7,618,447	5,156,337	60%
Other Payments			4,040,000	4,040,000	1,540,000	2,500,000	38%
Funds Pending Approval**	-		62,000	62,000	-	62,000	0%
<b>Total Expenditure</b>	<b>188,476,052</b>	<b>84,567,855</b>	<b>63,664,763</b>	<b>336,708,670</b>	<b>202,213,262</b>	<b>134,495,408</b>	<b>60%</b>
Surplus for the period							

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


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**Explanatory Notes.**

- (a) Underutilization on transfer to other government units disbursement, other grants and transfers and other payments was due to late disbursements of funds by the board
- (b) Employee salaries at 46% with the utilization difference being staff gratuity
- (c) Other government units is at 51 % since the funds transfers were not implemented fully.
- (d) Digital hubs and other payments are at 0.0% since disbursement of funds were late at the closure of the financial year
- (e) Overall utilization difference is at 60% due to undisbursed funds from the board as at 30<sup>th</sup> June 2025


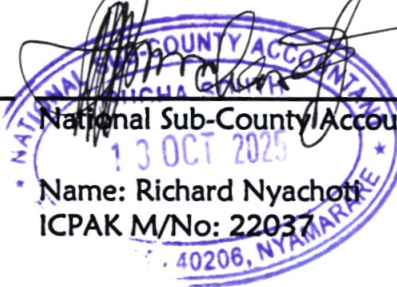
Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	134,495,408
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2025	33,580,273
Cash and Cash Equivalents at the end of the 30 <sup>th</sup> June 2025	100,915,135

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Constituency financial statements were approved by NG CDFC on \_30<sup>th</sup> June\_ 2025 and signed by:



Fund Account Manager

Name: Francis Onyango

National Sub-County Accountant  
 Name: Richard Nyachoti  
 ICPAK M/No: 22037



Chairman NG-CDF Committee

Name: Teresa Mose

*National Government Constituencies Development Fund (NGCDF)*

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**16. Budget Execution by Sectors And Projects For The Year Ended 30<sup>th</sup> June 2025**

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>1.0 Administration and Recurrent</b>						
1.1 Compensation of employees	4,390,745	3,463,547		7,854,292	3,633,327	4,220,965
1.2 Committee allowances	1,872,000	625,482		2,497,482	2,000,000	497,482
1.3 Use of goods and services	5,045,818	1,000,000		6,045,818	4,908,800	1,137,018
<b>Sub-total</b>	<b>11,308,563</b>	<b>5,089,029</b>	<b>-</b>	<b>16,397,592</b>	<b>10,542,127</b>	<b>5,855,465</b>
<b>2.0 Monitoring and evaluation</b>						
2.1 Capacity building	720,000	805,969		1,525,969	760,000	765,969
2.2 Committee allowances	1,648,000	364,465		2,012,465	1,743,040	269,425
2.3 Use of goods and services	3,286,282	725,743		4,012,025	3,148,428	863,597
<b>Sub-total</b>	<b>5,654,282</b>	<b>1,896,177</b>	<b>-</b>	<b>7,550,459</b>	<b>5,651,468</b>	<b>1,898,991</b>
<b>3.0 3.0 Emergency</b>	<b>9,916,529</b>			<b>9,916,529</b>		<b>9,916,529</b>
3.1 Primary Schools						
3.2 Secondary schools						
3.3 Tertiary institutions						
3.4 Security projects						
Unutilized Funds			786,190	786,190	-	786,190
<b>Sub-total</b>	<b>9,916,529</b>	<b>-</b>	<b>786,190</b>	<b>10,702,719</b>	<b>-</b>	<b>10,702,719</b>
<b>4.0 Bursary and Social Security</b>						

*National Government Constituencies Development Fund (NGCDF)*  
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
4.1 Primary Schools			-	-		-
4.2 Secondary Schools	44,700,000		(7,842,460)	36,857,540	41,895,000	(5,037,460)
4.3 Tertiary Institutions	30,000,000		(1,797,588)	28,202,412	30,110,416	(1,908,004)
4.4 special needs	390,422		1,073,960	1,464,382	85,000	1,379,382
4.5 Education Support Programmes				-		-
4.6 Social Security			(596,000)	(596,000)		(596,000)
<b>Sub-total</b>	<b>75,090,422</b>	<b>-</b>	<b>(9,162,088)</b>	<b>65,928,334</b>	<b>72,090,416</b>	<b>(6,162,082)</b>
<b>Sports-</b>						
Constituency Tournaments			153,725	153,725		153,725
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>153,725</b>	<b>153,725</b>	<b>-</b>	<b>153,725</b>
<b>5.0 Climate Change Mitigation</b>						
Ramoya Hill Girls Secondary School	400,000			400,000		400,000
Kebabe Primary School	200,000			200,000		200,000
Nchoro Primary School	200,000			200,000		200,000
Karungu Primary School	400,000			400,000		400,000
Bogichoncho Secondary School	400,000			400,000		400,000
Muma Secondary School	400,000			400,000		400,000
Riosiri Primary School	400,000			400,000		400,000
Matangamano Primary School	400,000			400,000		400,000

*National Government Constituencies Development Fund (NGCDF)  
South Mugirango Constituency  
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
		Kshs	Kshs			
Nduru Primary School	400,000			400,000		400,000
Kabonyo Primary School	400,000			400,000		400,000
Nyagichenche Primary School	400,000			400,000		400,000
Nyakorere PAG Primary School	400,000			400,000		400,000
Gotichaki Primary School	400,000			400,000		400,000
Bomonyama Primary School	400,000			400,000		400,000
Gesonso Primary School	400,000			400,000		400,000
Gucha South Sub County Headquarters	23,803			23,803		23,803
Kiendege Primary School	400,000			400,000		400,000
Nyansore Assistant Chiefs Office	200,000			200,000		200,000
Bogichoncho Primary School	400,000			400,000		400,000
Nyabigena Primary School	400,000			400,000		400,000
Nyandiwa Primary School	400,000			400,000		400,000
Nyatwoni Secondary School	400,000			400,000		400,000
Eburi Primary School	400,000			400,000		400,000
Iringa Primary School	400,000			400,000		400,000
Tabaka Primary School	400,000			400,000		400,000
NG-CDF Office	400,000			400,000		400,000
Nyamagena Mabariri Pry		243,919		243,919		243,919

*National Government Constituencies Development Fund (NGCDF)*  
*South Mugirango Constituency*  
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Nduru Primary School			(100,000)	(100,000)	(100,000)	-
Tabaka DEB Primary School			(100,000)	(100,000)	(100,000)	-
Otendo ELCK Primary School			(100,000)	(100,000)	(100,000)	-
Nyabiosi Maranatha Primary			(100,000)	(100,000)	(100,000)	-
Nyabitunwa Bine Primary School			(100,000)	(100,000)	(100,000)	-
Omobiri Secondary School			(100,000)	(100,000)	(100,000)	-
Environment Projects			28,642	28,642		28,642
<b>Sub-total</b>	<b>9,423,803</b>	<b>243,919</b>	<b>(571,358)</b>	<b>9,096,364</b>	<b>(600,000)</b>	<b>9,696,364</b>
<b>6.0 Primary Schools Projects (List all the Schools)</b>						
Iringa Primary School	2,386,150			2,386,150		2,386,150
Mesaria Primary School	2,000,000			2,000,000		2,000,000
Kebabe Primary School	2,000,000			2,000,000		2,000,000
Nyabikondo Primary School	2,000,000			2,000,000		2,000,000
Kenoria Primary School	2,000,000			2,000,000		2,000,000
Nyabisase Primary School	2,000,000			2,000,000		2,000,000
Nyamonaria Primary School	5,228,463			5,228,463		5,228,463
Kiasobera Primary School	5,228,463			5,228,463		5,228,463
Gesonso Primary School	5,228,463			5,228,463		5,228,463
Nyakorere PAG Primary School	5,228,463			5,228,463		5,228,463

*National Government Constituencies Development Fund (NGCDF)  
South Mugirango Constituency  
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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
		Kshs	Kshs			
Mesaria Primary School			1,500,000	1,500,000	1,255,397	244,604
Riasuta Primary School			2,000,000	2,000,000		2,000,000
Kebabe Primary School			1,500,000	1,500,000	1,341,932	158,068
Nyabikondo Primary Scchool			1,500,000	1,500,000	1,281,869	218,131
Nyabisase Primary School			1,500,000	1,500,000		1,500,000
Kenoria Primary School			1,500,000	1,500,000	1,498,456	1,544
Engeti Primary School			300,000	300,000	281,942	18,058
Nyandiwa SDA Primary School			700,000	700,000	697,595	2,405
Nyangweta SDA Primary School			700,000	700,000	690,053	9,948
Mogumo Primary School			300,000	300,000	285,453	14,547
Marongo PAG Primary School			700,000	700,000	400,396	299,604
Kiagware SDA Primary School			700,000	700,000	632,072	67,928
Mariwa PEFA Primary School			500,000	500,000	384,564	115,436
Ibencho Primary School			500,000	500,000	497,241	2,759
Kenuchi AIC Primary School			500,000	500,000	468,262	31,738
Nyatwoni Primary School			250,000	250,000	235,640	14,360
Rangeti Primary School			250,000	250,000	211,837	38,163
Ibencho Primary School			3,100,000	3,100,000	3,095,040	4,960
Omogwa Primary School			3,100,000	3,100,000		3,100,000
Nyagichenche Primary School			2,400,000	2,400,000		2,400,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Ekerongo Primary School			2,400,000	2,400,000	2,168,950	231,051
Bokimai Primary School		406,106	239,545	645,651	411,998	233,653
Nyangweta Dok Primary School			350,000	350,000	350,000	-
Kebabe Deb Primary Sch		2,761		2,761	2,761	-
Nyasasa Sda Primary		2,111,709		2,111,709	2,008,251	103,458
Rianyamari Dok Primary		1,422		1,422		1,422
Riasuta Primary		63,016		63,016	1,898	61,119
Nyamagena Mabariri Deb Primary		1,641		1,641		1,641
Nyakorere Mfa Primary		520		520	394	126
Bosaga Dok Primary		2,138,845		2,138,845	2,064,575	74,270
Ichuni Sda Primary		2,113,454		2,113,454	2,053,593	59,861
Nyabigege Dok Primary School		11,643		11,643	10,207	1,436
Kabonyo Primary School		2,086,307		2,086,307	2,082,757	3,550
Iringa Primary School		6,899,885		6,899,885	6,889,681	10,205
Nyamiomu Primary		2,087,248		2,087,248	2,030,383	56,865
Mesaria Primary		20,154		20,154	20,154	-
Nyagichenche Primary School		2,170,908		2,170,908	2,018,482	152,426
Nyangweta Dok Primary School		2,118,592		2,118,592	1,931,837	186,755
Kenyoro Deb Primary School		2,075,583		2,075,583	2,071,114	4,469
Tabaka Deb Primary School		2,087,144		2,087,144	2,060,434	26,710

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		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
St. Anne's Metaburo Dok Primary		2,076,379		2,076,379	1,963,584	112,796
Eburi Dok Primary School		2,081,145		2,081,145	1,920,282	160,863
Keburunga Primary School		2,073,723		2,073,723	2,070,407	3,316
Riagumo Primary School		997		997		997
Nyabigena Dok Primary School		2,072,467		2,072,467	2,072,410	57
Nyachenge Elck Primary School		2,101,469		2,101,469	1,915,519	185,950
Monianku Primary School		2,074,329		2,074,329	2,074,123	206
Emesa Dsc Primary School		2,074,350		2,074,350	2,069,807	4,543
Gotichaki Primary School		2,074,284		2,074,284	2,073,932	352
Nyabikondo Primary School		23,054		23,054	23,054	-
Nyabisase Primary School		44,143		44,143	240	43,903
Kenoria Primary School		19,479		19,479	19,479	-
Engeti Primary School		88,638		88,638	88,638	-
Nyandiwa Sda Primary School		1,950		1,950	1,950	-
Nyangweta Sda Primary School		10,021		10,021	10,021	-
Marongo Pag Primary School		1,003		1,003	1,003	-
Kiagware Sda Primary School		6,500		6,500	6,500	-
Mariwa Pefa Primary School		64,576		64,576	64,576	-
Kenuchi Aic Primary School		2,161		2,161	2,161	-
Nyatwoni Primary School		1,725		1,725	1,725	-

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
		Kshs	Kshs			
Rangeti Primary School		1,379		1,379	1,379	-
Ibencho Primary School		30		30	30	-
Omogwa Primary School		684		684	-	684
Ekerongo Primary School		1,527		1,527	1,527	-
Bokimai Primary School		76,620		76,620	76,620	-
Bogichoncho Primary School		56		56		56
Karungu Primary School		808		808	252	556
Nduru Primary School		1,814		1,814	252	1,562
Nyakorere Pag Primary School		16,758		16,758	252	16,506
Kiasobera Primary School		1,959		1,959		1,959
<b>Sub-total</b>	<b>33,300,000</b>	<b>43,390,961</b>	<b>26,489,545</b>	<b>103,180,506</b>	<b>57,894,934</b>	<b>45,285,572</b>
<b>7.0 Secondary Schools Projects (List all the Projects)</b>						
Ikoba Secondary School	2,500,000			2,500,000		2,500,000
Nyabine DEB Secondary School	2,500,000			2,500,000		2,500,000
Marongo PAG Secondary School	2,500,000			2,500,000		2,500,000
Nyamue Secondary School	3,000,000			3,000,000		3,000,000
Maroo Esinde Secondary School	2,000,000			2,000,000		2,000,000
Nyatwoni Secondary School	3,000,000			3,000,000		3,000,000
Nyangweta SDA Secondary School	3,400,000			3,400,000		3,400,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
		Kshs	Kshs			
Nyamondo Secondary School	2,600,000			2,600,000		2,600,000
Kiagware Secondary School	4,000,000			4,000,000		4,000,000
Nyaimera Secondary School	4,000,000			4,000,000		4,000,000
Nyabine DEB Secondary School			2,500,000	2,500,000	2,432,623	67,377
Mariwa Secondary School			2,000,000	2,000,000		2,000,000
Nyamue Secondary School			2,000,000	2,000,000		2,000,000
Tabaka Boys High School			5,000,000	5,000,000	4,941,171	58,829
Ibrahim Ochoi Mixed Secondary School			2,350,000	2,350,000	1,244,742	1,105,258
Riosiri Secondary School			500,000	500,000	474,221	25,779
Omobiri Secondary School		1,716		1,716	1,404	312
Moticho Girls Secondary School		2,759		2,759	1,903	856
Karungu Mixed Secondary School		788,395		788,395	775,502	12,893
Giasobera Sda High School		1,416		1,416	1,404	12
Maroo Esinde Secondary School		89	3,000,000	3,000,089	2,860,908	139,181
Nyamondo Secondary School		5,123,414		5,123,414	4,338,678	784,736
Marongo Pag Secondary School		1,325	2,500,000	2,501,325	2,497,949	3,376
Ayora Mixed Secondary School		10,589,465		10,589,465	10,398,288	191,177
Ikoba Mixed Secondary School		2,502,995		2,502,995	2,396,734	106,261
Nchoro Secondary School		570,812		570,812	560,382	10,430

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Amaiko Sda Secondary School		10,597,301		10,597,301	10,594,888	2,413
Nyachenge Elck Mixed Sec School		573,709		573,709	560,130	13,579
Tabaka High School		574,573		574,573	574,573	-
Kiabigoria Elck Mixed Sec School		570,964		570,964	560,382	10,582
St. Linus Etago Girls Secondary		570,985		570,985	560,634	10,351
Mariwa Secondary School		17,234		17,234		17,234
Nyamue Secondary School		83,344		83,344		83,344
Riosiri Secondary School		30,655		30,655	30,655	-
Ibrahim Ochoi Mixed Sec School		52,067		52,067		52,067
Nyakorere Secondary School			3,000,000	3,000,000		3,000,000
St Joseph Kiorori Secondary			5,300,000	5,300,000		5,300,000
Karungu Secondary School			500,000	500,000		500,000
<b>Sub-total</b>	<b>29,500,000</b>	<b>32,653,216</b>	<b>28,650,000</b>	<b>90,803,216</b>	<b>45,807,170</b>	<b>44,996,046</b>
<b>8.0 Tertiary institutions Projects (List all the Projects)</b>						
South Mugirango Kenya Medical Training College	10,000,000			10,000,000		10,000,000
<b>Sub-total</b>	<b>10,000,000</b>	<b>-</b>	<b>-</b>	<b>10,000,000</b>	<b>-</b>	<b>10,000,000</b>
<b>9.0 Security Projects</b>						
Gucha South Sub County Headquarters		500	691,047	691,547	624,128	67,419

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
		Kshs	Kshs			
Nduru Sub-Location Assistant Chief Office		1,044,972		1,044,972	1,044,572	400
<b>Sub-total</b>	-	<b>1,045,472</b>	<b>691,047</b>	<b>1,736,519</b>	<b>1,668,700</b>	<b>67,819</b>
<b>10.0 Acquisition of assets</b>						
10.1 Motor Vehicles (including motorbikes)			853,793	853,793		853,793
10.2 Construction of CDF office				-		-
10.3 Purchase of furniture and Equipments		49,082		49,082	49,082	-
10.4 Purchase of Computers						
10.5 Purchase of Land						
NG CDF Office Renovation		200,000		200,000	200,000	-
NG CDF Office Renovation			11,671,909	11,671,909	7,369,365	4,302,544
<b>Sub-total</b>	-	<b>249,082</b>	<b>12,525,702</b>	<b>12,774,784</b>	<b>7,618,447</b>	<b>5,156,337</b>
<b>11.0 Digital Hubs Expenses</b>						
Nyamarambe Deputy County Commissioners office digital hub (Bogetenga ward)	4,282,453			4,282,453		4,282,453
<b>Sub-total</b>	<b>4,282,453</b>	-	-	<b>4,282,453</b>	-	<b>4,282,453</b>
<b>12.0 Others</b>						
Strategic Plan			1,540,000	1,540,000	1,540,000	-
Bursary Management System			2,500,000	2,500,000		2,500,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Sub-total	-	-	4,040,000	4,040,000	1,540,000	2,500,000
13.0 Funds pending approval**				-		-
Unapproved projects			62,000	62,000		62,000
AIA				-		-
PMC Savings						
Sub-total	-	-	62,000	62,000	-	62,000
Total	188,476,052	84,567,855	63,664,763	336,708,670	202,213,262	134,495,408

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

## **17. Notes to the Financial Statements**

### **1. General information**

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

### **2. Statement of Compliance and Basis of Preparation**

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

The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act and the International Public Sector Accounting Standards (IPSAS). The NG-CDF South Mugirango has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach. Accordingly, this is the first transitional financial statement.

The NG-CDF South Mugirango has recognized all financial assets, including cash and cash equivalents held in the operational account, deposit account, and PMC bank accounts; receivables (amounts due from the Board and other parties); prepayments; property, plant, and equipment (PPE); and intangible assets acquired during the financial year 2023/2024 up to the reporting date.

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

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

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

**3. Adoption of New and Revised Standards**

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. Not applicable
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. Not applicable
IPSAS 45:	<b><i>Applicable 1<sup>st</sup> January 2025</i></b>

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Property Plant and Equipment	<p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>Not applicable</p>
IPSAS 46: Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Not applicable</p>
IPSAS 47: Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles</p>

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	<p>that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Not applicable</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>Not applicable</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>Not applicable</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p>Not applicable</p>

*iii. Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption, and impact on the entity’s financial statements.)*

#### 4. Summary of Significant Accounting Policies

##### a) Revenue recognition

##### i) Revenue from non-exchange transactions

###### **Transfers from other government entities**

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

##### ii) Revenue from exchange transactions

###### **Sale of goods**

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

###### **Interest income**

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

###### **Rental income**

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

**Budget information**

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

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

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

**b) Property, plant and equipment**

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

**c) Leases**

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

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

**d) 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.

**e) Financial instruments**

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

**a) Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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

### **Fair value through surplus or deficit**

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

### **Impairment**

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

### **Financial liabilities**

#### **Classification**

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

#### **f) Inventories**

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

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

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

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

**g) Provisions**

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

**h) Social Benefits**

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

**i) Contingent liabilities**

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

**j) Contingent assets**

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

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

**k) Employee benefits**

**Retirement benefit plans**

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

**l) 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.

**m) Related parties**

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

**n) Cash and Cash Equivalents**

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

**o) Comparative figures**

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

**p) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

### **Estimates and assumptions.**

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

### **Useful lives and residual value**

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

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

### **Provisions**

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

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

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**6. Transfers from the NGCDF Board**

Description	2024/2025
	Kshs
NGCDFB Transfers (Allocation for the FY)	188,476,052
<b>Total</b>	<b>188,476,052</b>

**7. Transfers from domestic and foreign partners**

Description	2024/2025
	Kshs
Grants	-
<b>Total</b>	<b>-</b>

**8. Finance income**

Description	2024/2025
	Kshs
Interest Income on Bank Deposits	-
<b>Total</b>	<b>-</b>

*(Provide a brief explanation for this revenue)*

**9. Miscellaneous income**

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

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**10. Employees cost**

	<i>2024/2025</i>
	Kshs
NG-CDFC Basic staff salaries	2,674,877
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	-
Gratuity to contractual employees	732,694
Employer Contributions Compulsory national social security schemes	182,586
Employer Contributions Compulsory Housing levy	37,720
Employer contributions to National Industrial Training Authority	5,450
Other Specify	-
<b>Total</b>	<b>3,633,327</b>

**11. Committee Expenses**

	<i>2024/2025</i>
	Kshs
Sitting allowance	2,669,740
Other Committee expenses	1,073,300
<b>Total</b>	<b>3,743,040</b>

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**12. Use of Goods and services**

	<i>2024/2025</i>
	Kshs
Utilities, supplies and services	-
Communication, supplies and services	928,688
Domestic travel and subsistence	1,729,540
Printing, advertising and information supplies & services	771,089
Office Rent	-
Training expenses	760,000
Hospitality supplies and services	384,340
Insurance costs	289,004
Specialized materials and services	-
Office and general supplies and services	1,396,415
Fuel, oil & lubricants	878,085
Bank charges	108,800
Routine maintenance – vehicles and other transport equipment	280,349
Routine maintenance – other assets	-
Strategic plan expenses	1,540,000
Other operating expenses	9,326,836
<b>Total</b>	<b>18,393,146</b>

**13. Other Government Units Actual expenditure**

Description	<i>2024/2025</i>
	Kshs
Primary Schools Actual expenditure	56,127,238
Secondary Schools Actual expenditure	45,282,644
Tertiary Institutions Actual expenditure	-
<b>Total</b>	<b>101,409,883</b>

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**14. Other Grants and transfers Actual expenditure**

	<i>2024/2025</i>
	Kshs
Bursary – secondary schools	41,895,000
Bursary – tertiary institutions	29,606,000
Bursary – special schools	85,000
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	1,624,501
Climate change mitigation projects	-
Emergency projects Actual expenditure	-
Roads projects Actual expenditure	-
Others specify	-
<b>Total</b>	<b>73,210,501</b>

**15. Depreciation and Amortization Expenses**

Description	<i>2024/2025</i>
	Kshs
Property Plant and Equipment	1,891,164
Intangible Assets	-
<b>Total</b>	<b>1,891,164</b>

**16. Digital Hubs Expenses**

Description	<i>2024/2025</i>
	Kshs
Construction/ renovation/ Actual expenditure	-
Digital Hub utility costs Water, Electricity,	-
Maintenance of ICT equipment	-
Maintenance of building	-
Others ( <i>specify</i> )	-
<b>Total</b>	<b>-</b>

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**17. Gain/loss on Sale of Assets**

Description	2024/2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<b>Total Gain/loss on Sale of Assets</b>	<b>-</b>

*(Provide brief explanation on gains on sale of fixed assets)*

**18. Impairment Loss**

Description	2024/2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<i>(Include financial instruments that are impaired)</i>	-
<b>Total Impairment Loss</b>	<b>-</b>

**19. Cash and Cash Equivalent**

Name Of Bank and Account No.	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Bank Accounts (Cash Book Bank Balance)</b>		
(Operations account)-Cooperative Bank, Account No 01120018205600	82,978,456	7,884,313
Operations account pending closure (Indicate name & account no.)	-	-
(Deposit account)-Kenya Commercial Bank, Account No 1330404521	1,187,244	-
Coops, KCB and Eco Banks, account No. (PMC accounts)	16,749,436	76,683,542
<b>Total</b>	<b>100,915,135</b>	<b>84,567,855</b>
<b>Cash Balances</b>		
Location 1	-	-
Location 2	-	-
Other Locations <i>(Specify)</i>	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**20. Receivables from Exchange Transactions**

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

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

**i. Ageing Analysis for Receivables**

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

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**21. Receivables from Non-Exchange Transactions**

Description	2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	33,580,273		63,664,763	
Outstanding imprest	-		-	
<b>Total</b>	<b>33,580,273</b>		<b>63,664,763</b>	
<b>Ageing Analysis- Receivables from non-exchange transactions</b>	<b>2024/2025</b>	<b>% of the total</b>	<b>Opening Balance</b>	<b>% of the total</b>
Less than 1 year	-	-	-	-
Between 1-2 years	33,580,273	100%	63,664,763	100%
Over 3 years	-	-	-	-
<b>Total</b>	<b>33,580,273</b>	<b>100%</b>	<b>63,664,763</b>	<b>100%</b>

**22. Prepayments**

Description	2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Prepaid Rent	-		-	
Prepaid Insurance	-		289,004	
Prepaid Electricity Costs	-		-	
Other Prepayments-NG CDF Office Renovations	-		-	
<b>Total</b>	<b>-</b>		<b>289,004</b>	

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**23. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
<b>Depreciation Rate(specify)</b>		<b>2%</b>	<b>25%</b>	<b>12.5%</b>	<b>30%</b>	<b>x%</b>		
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Opening Bal as 1<sup>st</sup> July 2024</b>	-	-	10,086,207	-	-	-	-	10,086,207
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2024</b>	-	-	10,086,207	-	-	-	-	10,086,207
<b>Depreciation And Impairment</b>								
<b>Opening Depreciation</b>	-	-	2,521,552	-	-	-	-	2,521,552
Depreciation	-	-	1,891,164	-	-	-	-	1,891,164
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2024</b>	-	-	4,412,716	-	-	-	-	4,412,716
<b>Net Book Values</b>								
<b>Opening Bal as at 1<sup>st</sup> July 2024</b>	-	-	7,564,655	-	-	-	-	7,564,655
<b>As At 30<sup>th</sup> June 2025</b>	-	-	5,673,491	-	-	-	-	5,673,491

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**Valuation**

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

**22 b) Property, Plant and Equipment at Cost**

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	10,086,207	4,412,716	5,673,491
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
<b>Total</b>	<b>10,086,207</b>	<b>4,412,716</b>	<b>5,673,491</b>

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

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

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**24. Intangible Assets**

Description	2024/2025
	Kshs
<b>Cost</b>	
Opening balance at 1 <sup>st</sup> July 2024	-
Additions	-
Disposal	-
<b>At end of the 2025</b>	-
<b>Amortization and impairment</b>	
At beginning of the year	-
Amortization	-
<b>At end of the year</b>	-
Impairment loss	-
<b>At end of the year</b>	-
<b>NBV at July 1<sup>st</sup> 2024</b>	-
<b>NBV at June 30<sup>th</sup> 2025</b>	

**25. Right-of use assets**

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>				
As At 1 July 2024	-	-	-	-
Additions	-	-	-	-
As At 30 June 2024	-	-	-	-
Additions	-	N/A	-	-
As At 30 June 2025	-	-	-	-
<b>Accumulated Depreciation</b>				
As At 1 July 2024	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025	-	N/A	-	-
Charge for the period	-	-	-	-
As At 30 June 2025	-	-	-	-
<b>Carrying Amount</b>				
As At 30 June 2025	-	-	-	-
As At 30 June 2025	-	-	-	-

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**26. Trade and Other Payables**

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

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**27. Third-Party deposits**

	<i>2024/2025</i>	<i>Opening Statement 1<sup>st</sup> July 2024</i>
	KShs	KShs
Retention as at 1 <sup>st</sup> July (A)	3,418,113	-
Retention held during the year (B)	949,476	3,418,113
Retention paid during the Year (C)	2,384,214	-
<b>Closing Retention as at 30<sup>th</sup> June D= A+B-C</b>	<b>1,983,375</b>	<b>3,418,113</b>

**Retentions aging analysis.**

	<i>2024/2025</i>	<i>% of the total</i>	<i>2023/2024</i>	<i>% of the total</i>
Less than 1 year	1,983,375	100%	3,418,113	100%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total</b>	<b>1,983,375</b>	<b>100%</b>	<b>3,418,113</b>	<b>100%</b>

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

**28. Lease Liabilities**

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

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**Maturity Analysis**

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: unearned Interest	-
	-

**Analysed as:**

Description	Amount
Current	-
Non- Current	-
Total	-

**29. Gratuity Provision**

Description	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Gratuity at the beginning of the year 1 <sup>st</sup> of July	1,083,165	-
Gratuity held during the year	732,694	1,083,165
Gratuity paid during the year	1,410,327	-
<b>Total Gratuity Provision 30th June (A+B-C)</b>	<b>405,532</b>	<b>1,083,165</b>

### 30. Cash Generated from Operations

	<i>Period ended June 2025</i>
	Kshs
<b>Surplus for the period before tax</b>	<b>(13,805,007)</b>
<b>Adjusted for:</b>	
Depreciation	1,891,164
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
<b>Working capital adjustments</b>	
Changes in prepayment	(289,004)
Changes in receivables	(30,373,494)
Changes in deferred income	-
Changes in Third party deposits	1,434,738
Changes in gratuity provision	677,633
Changes in payments received in advance	-
<b>Net cash flow from operating activities</b>	<b>16,347,280</b>

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

### 31. Financial Risk Management

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

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**i) Credit risk**

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

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables from exchange transactions		-	-	-
Receivables from non-exchange transactions	33,580,273	-	-	-
Bank balances	82,978,456	-	-	-
<b>Total</b>	<b>116,558,729</b>	-	-	-
<b>As at 30 June 2024</b>	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	63,664,763	-	-	-
Bank balances	7,622,254	-	-	-
<b>Total</b>	<b>71,287,017</b>	-	-	-

**Financial Risk Management**

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from 2025. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June (Current FY)</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30<sup>th</sup> June (Previous FY)</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**iii) Market risk**

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

**a) Foreign currency risk**

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

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**Current FY**

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

**Foreign currency sensitivity analysis**

**Current FY**

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

## **Financial Risk Management**

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

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

### **b) Interest rate risk**

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

#### **Management of interest rate risk**

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

#### **Sensitivity analysis**

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by

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one percentage point as a decrease/increase of Kshs xxx (Current FY: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (Current FY – Kshs xxx)

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

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

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

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

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June (Current FY)</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>	-	-	-	-
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-

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<b>Total</b>	-	-	-	-
<b>As at 30<sup>th</sup> June (Previous FY)</b>	-	-	-	-
<b>Financial Assets</b>	-	-	-	-
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>	-	-	-	-
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
<b>Total</b>	-	-	-	-

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

**iv) Capital Risk Management**

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

Description	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Revaluation Reserve	137,779,993	151,585,000
Retained Earnings	-	-
Capital Reserve	-	-
<b>Total Funds</b>	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	100,915,135	84,567,855
Net Debt/(Excess Cash And Cash Equivalents)	-	-
<b>Gearing</b>	%	%

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**32. Related Party Disclosures**

	<i>2024/2024</i>	<i>Opening Statement 1<sup>st</sup> July 2024</i>
	Kshs	Kshs
<b>Committee Members Remuneration</b>		
Sitting allowance of committee Members during the year	2,669,740	1,248,570
<b>Transaction with the NGCDF Board</b>		
Transfers from the NGCDF Board during the year	188,476,052	200,074,846
<b>Total</b>	<b>191,145,792</b>	<b>201,323,416</b>

**33. Segment Information**

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

**34. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

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

*(Give details)*

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**Contingent Liabilities**

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

**35. Capital Commitments**

Capital Commitments	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for	-	-
<b>Total</b>	-	-

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

**36. Events after the Reporting Period**

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

**37. Ultimate And Holding Entity**

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

**38. Currency**

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

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**18. Annexes**

**Annex 1: Summary of Asset Register**

<b>Asset class</b>	<b>Historical Cost/valuation cost balance brought forward (Kshs)</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) At Year End</b>
Land	-	-	-	-
Buildings and structures	7,281,179	-	-	7,281,179
Transport equipment	4,378,363	10,580,030	-	14,958,393
Office equipment, furniture, and fittings	822,180	-	-	822,180
ICT Equipment and Other ICT Assets	251,000	-	-	251,000
Other Machinery and Equipment	280,067	-	-	280,067
Intangible assets	-	-	-	-
<b>Total</b>	<b>13,012,789</b>	<b>10,580,030</b>	<b>-</b>	<b>23,592,819</b>

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

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**Annex 2 –PMC Bank Balances As At 30<sup>th</sup> June 2025**

PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
KEBABE DEB PRIMARY SCH	KCB-KISII	1149296224	158,068	2,761
NYASASA SDA PRIMARY	KCB-RONGO	1264736142	103,458	2,111,709
RIANYAMARI DOK PRIMARY	KCB-RONGO	1286142954	1,422	1,422
RIASUTA PRIMARY	KCB-RONGO	1266527362	61,119	63,016
NYAMAGENA MABARIRI DEB PRIMARY	ECO BANK-KISII	6622007730	1,641	1,641
NYAKORERE MFA PRIMARY	KCB-RONGO	1172095884	126	520
BOSAGA DOK PRIMARY	KCB-RONGO	1257113976	74,270	2,138,845
ICHUNI SDA PRIMARY	KCB-RONGO	1257899716	59,861	2,113,454
NYABIGEGE DOK PRIMARY SCHOOL	KCB-RONGO	1285755421	1,436	11,643
KABONYO PRIMARY SCHOOL	KCB-RONGO	1277045755	3,550	2,086,307
IRINGA PRIMARY SCHOOL	CO-OP-RONGO	1141017536100	10,205	6,899,885
NYAMIOMU PRIMARY	CO-OP-RONGO	1141017560500	56,865	2,087,248
MESARIA PRIMARY	CO-OP-RONGO	1141617924600	244,604	20,154
NYAGICHENCHE PRIMARY SCHOOL	CO-OP-RONGO	1141017529100	152,426	2,170,908
NYANGWETA DOK PRIMARY SCHOOL	CO-OP-RONGO	1141241372400	186,755	2,118,592
KENYORO DEB PRIMARY SCHOOL	CO-OP-RONGO	1141618747200	4,469	2,075,583
TABAKA DEB PRIMARY SCHOOL	CO-OP-RONGO	1141241372400	26,710	2,087,144

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PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
ST. ANNE'S METABURO DOK PRIMARY	ECO BANK- KISII	6622007400	112,796	2,076,379
EBURI DOK PRIMARY SCHOOL	KCB-RONGO	1316000885	160,863	2,081,145
KEBURUNGA PRIMARY SCHOOL	KCB-RONGO	1257603566	3,316	2,073,723
RIAGUMO PRIMARY SCHOOL	KCB-RONGO	1258166658	997	997
NYABIGENA DOK PRIMARY SCHOOL	KCB-RONGO	1287465099	57	2,072,467
NYACHENGE ELCK PRIMARY SCHOOL	KCB-RONGO	1272009483	185,950	2,101,469
MONIANKU PRIMARY SCHOOL	KCB-RONGO	1279171081	206	2,074,329
EMESA DSC PRIMARY SCHOOL	KCB-RONGO	1172081956	4,543	2,074,350
GOTICHAKI PRIMARY SCHOOL	KCB-RONGO	1149339233	352	2,074,284
NYABIKONDO PRIMARY SCHOOL	KCB-RONGO	1261205561	218,131	23,054
NYABISASE PRIMARY SCHOOL	KCB-RONGO	1257838709	1,543,903	44,143
KENORIA PRIMARY SCHOOL	KCB-RONGO	1141241335500	1,544	19,479
ENGETI PRIMARY SCHOOL	CO-OP-RONGO	1141017538200	18,058	88,638
NYANDIWA SDA PRIMARY SCHOOL	CO-OP-RONGO	1141618243500	2,405	1,950
NYANGWETA SDA PRIMARY SCHOOL	KCB-RONGO	1252245939	9,948	10,021
MOGUMO PRIMARY SCHOOL	KCB-RONGO	1336359382	14,547	-
MARONGO PAG PRIMARY SCHOOL	CO-OP-RONGO	1141017090400	299,604	1,003
KIAGWARE SDA PRIMARY SCHOOL	CO-OP-RONGO	1149017535202	67,928	6,500
MARIWA PEFA PRIMARY SCHOOL	KCB-RONGO	1259388514	115,436	64,576

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PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
IBENCHO PRIMARY SCHOOL	CO-OP-RONGO	1141617911700	2,759	-
KENUCHI AIC PRIMARY SCHOOL	KCB-RONGO	1268785865	31,738	2,161
NYATWONI PRIMARY SCHOOL	CO-OP-RONGO	1141016657700	14,360	1,725
RANGETI PRIMARY SCHOOL	KCB-RONGO	1199356557	38,163	1,379
IBENCHO PRIMARY SCHOOL	CO-OP-RONGO	1141617911700	4,960	30
OMOGWA PRIMARY SCHOOL	CO-OP-RONGO	1141017087800	3,100,684	684
NYAGICHENCHE PRIMARY SCHOOL	CO-OP-RONGO	1141017529100	2,400,000	-
EKERONGO PRIMARY SCHOOL	CO-OP-RONGO	1141017530300	231,051	1,527
BOKIMAI PRIMARY SCHOOL	KCB-RONGO	1204140693	233,653	76,620
NYANGWETA DOK PRIMARY SCHOOL	CO-OP-RONGO	1141241372400	-	-
BOGICHONCHO PRIMARY SCHOOL	KCB RONGO	1257024671	56	56
KARUNGU PRIMARY SCHOOL	KCB-RONGO	1287580238	556	808
NDURU PRIMARY SCHOOL	KCB-RONGO	1257738380	1,562	1,814
NYAKORERE PAG PRIMARY SCHOOL	KCB-RONGO	1172095884	16,506	16,758
KIASOBERA SDA PRIMARY	KCB-RONGO	1257827804	1,959	1,959
OMOBIRI SECONDARY SCHOOL	KCB-RONGO	12254912185	312	1,716
MOTICHO GIRLS SECONDARY SCHOOL	KCB-RONGO	1149246863	856	2,759

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PMC	Bank	Account number	Bank Balance 2024/2025	Bank Balance 2023/2024
KARUNGU MIXED SECONDARY SCHOOL	KCB-RONGO	1266444750	12,893	788,395
GIASOBERA SDA HIGH SCHOOL	KCB-RONGO	1149260440	12	1,416
MAROO ESINDE SECONDARY SCHOOL	KCB-KISII WEST	1149265043	139,181	89
NYAMONDO SECONDARY SCHOOL	ECO BANK- KISII	6622007385	784,736	5,123,414
MARONGO PAG SECONDARY SCHOOL	CO-OP-RONGO	1141241372400	3,376	1,325
AYORA MIXED SECONDARY SCHOOL	CO-OP-RONGO	1141618747200	191,177	10,589,465
IKOBA MIXED SECONDARY SCHOOL	CO-OP-RONGO	1141618756300	106,261	2,502,995
NCHORO SECONDARY SCHOOL	KCB-RONGO	1315618796	10,430	570,812
AMAIKO SDA SECONDARY SCHOOL	KCB-RONGO	1172118590	2,413	10,597,301
NYACHENGE ELCK MIXED SEC SCHOOL	KCB-RONGO	1172086133	13,579	573,709
TABAKA HIGH SCHOOL	KCB-RONGO	1149554479	58,829	574,573
KIABIGORIA ELCK MIXED SEC SCHOOL	KCB-RONGO	1149106034	10,582	570,964
ST. LINUS ETAGO GIRLS SECONDARY	KCB-RONGO	1298004993	10,351	570,985
MARIWA SECONDARY SCHOOL	KCB-RONGO	1279890622	2,017,234	17,234
NYAMUE SECONDARY SCHOOL	KCB-RONGO	1149256761	2,083,344	83,344
RIOSIRI SECONDARY SCHOOL	KCB-RONGO	1272982335	25,779	30,655
IBRAHIM OCHOI MIXED SEC SCHOOL	KCB-RONGO	1286314682	1,157,325	52,067

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<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2024/2025</b>	<b>Bank Balance 2023/2024</b>
NYABINE DEB SEC	KCB -RONGO	1330651324	67,377	1,716
NDURU SUB-LOCATION ASSISTANT CHIEF OFFICE	KCB-RONGO	1317069552	399	1,044,972
GUCHA SOUTH SUB COUNTY HEADQUARTERS	KCB RONGO	1331949297	67,419	500
<b>Total</b>			<b>16,749,436</b>	<b>76,683,542</b>

**Annex 3: Progress On Follow Up of Auditor Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)								
OAG/HBRO/S MUG-NGCDF/2023/2024/2	<p><b>1.1. Inaccuracies in the Financial Statement</b></p> <p><b>Finding</b></p> <p>i. Comparison of comparative amounts reflected in the financial statements for the year under review with the corresponding amounts shown in the previous year's audited financial statements revealed the following unreconciled variances:</p> <table border="1" data-bbox="510 1166 1317 1372"> <thead> <tr> <th data-bbox="510 1166 801 1372">Component</th> <th data-bbox="801 1166 972 1372">Financial Statements Amount (Kshs.)</th> <th data-bbox="972 1166 1144 1372">Previous Year's Audited financial statement Amount (Kshs.)</th> <th data-bbox="1144 1166 1317 1372">Variance (Kshs.)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Component	Financial Statements Amount (Kshs.)	Previous Year's Audited financial statement Amount (Kshs.)	Variance (Kshs.)					The management has noted the errors and omissions and has amended the financial statement accordingly		30 <sup>th</sup> Dec 2025
Component	Financial Statements Amount (Kshs.)	Previous Year's Audited financial statement Amount (Kshs.)	Variance (Kshs.)									

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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)																								
	<table border="1" data-bbox="510 655 1319 1023"> <tr> <td>Committee expenses</td> <td>3,198,000</td> <td>4,316,280</td> <td>-1,118,280</td> </tr> <tr> <td>Use of goods and services</td> <td>3,329,733</td> <td>2,681,573</td> <td>648,160</td> </tr> <tr> <td>Other grants and transfers</td> <td>49,567,005</td> <td>50,922,045</td> <td>-1,355,040</td> </tr> <tr> <td>Bank balances</td> <td>44,929,442</td> <td>43,104,282</td> <td>1,825,160</td> </tr> <tr> <td>Unutilized Fund</td> <td>105,889,617</td> <td>104,064,457</td> <td>1,825,160</td> </tr> <tr> <td>PMC account balances</td> <td>17,210,201</td> <td>17,208,174</td> <td>2,027</td> </tr> </table> <p data-bbox="454 1090 1323 1257">ii. The statement of receipts and payments reflect an expenditure of Kshs.10,086,207 in respect of acquisition of assets, while Annex 4-Summary of Fixed Asset Register indicates additions of Kshs.10,580,030, resulting in a variance of Kshs.493,793 which has not been explained or reconciled.</p>	Committee expenses	3,198,000	4,316,280	-1,118,280	Use of goods and services	3,329,733	2,681,573	648,160	Other grants and transfers	49,567,005	50,922,045	-1,355,040	Bank balances	44,929,442	43,104,282	1,825,160	Unutilized Fund	105,889,617	104,064,457	1,825,160	PMC account balances	17,210,201	17,208,174	2,027			
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	<b>1.2. Non-Compliance with Financial Reporting Framework</b>	<i>The management has noted the errors and</i>																										

*National Government Constituencies Development Fund (NGCDF)  
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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><b>Finding</b></p> <p>i. The summary statement of appropriation does not include footnotes to explain the underutilization in committee expenses, use of goods and services and acquisition of assets, and under receipts on transfers from NGCDF Board which are more than 10% as required by the prescribed financial reporting template.</p> <p>ii. Annex 6 - Progress on Follow Up of Auditor Recommendations does not capture accurately the issues that were highlighted in the Auditor-General report for the year 2022/2023 and their current status.</p>	<p><i>omissions and has amended the financial statement accordingly</i></p> <p><i>Further management has given reasons for underutilization in various items, the committee shall ensure that such omissions do not occur in future.</i></p> <p><i>The committee has corrected the issues highlighted in the auditor-General report for the year 2022-2023.</i></p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>1.3. Transfer to Other Government Units</b></p> <p>The statement of receipts and payments, and as disclosed in Note 7 to the financial statements, reflect an amount of Kshs.99,752,620 in respect of transfer to other government units. The following unsatisfactory matters were noted:</p> <p><b>1.3.1. Incomplete Projects</b></p> <p><b>Findings</b></p> <p><b>A. Construction Of Two (2) Classrooms at Riagumo Primary School</b></p> <p>The transfers to other government units amount includes Kshs.2,072,172 disbursed to Riagumo Primary School for the construction of two classrooms. The Fund entered into a contract with Shani bright Enterprises for the construction of two (2) classrooms at a contract sum of Kshs.2,068,808 on 4 September, 2024. The contract period was four (4) weeks. A certificate of practical completion was issued on 26 September, 2024. However, physical inspection of the project on 27</p>	<p><i>The delay in completion of the above projects was a result of ongoing national examination in these institutions however management can confirm that the projects are complete though payment is yet to made due to absence of institutional heads who are out for holidays</i></p> <p><i>However Bosaga is complete</i></p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>November, 2024 revealed outstanding works such as plastering and painting of the gable, electrical wiring, fixing of the blackboard and electrical fittings.</p> <p><b>B. Construction of Two (2) Classrooms at Bosaga DOK Primary School</b></p> <p>The transfers to other government units amount includes Kshs.2,072,170 disbursed to Bosaga DOK Primary School for the construction of two (2) classrooms. The Fund entered into a contract with Dakko Defined Limited for the construction of two classrooms at a contract sum of Kshs.2,064,956 on 4 September, 2024. The contract period was four (4) weeks. However, audit inspection of the project on 27 November, 2024 revealed outstanding works such as plastering and painting of the gable and clearing of construction debris.</p>			
	<p><b>1.3.2. Delayed Completion of Projects</b></p> <p><b>Finding</b></p>	<p>a) Construction of Two (2) Classrooms at Eburi Primary</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>A. Construction of Two (2) Classrooms at Eburi Primary School</b></p> <p>The transfer to other government units amount includes Kshs.2,072,170 disbursed to Eburi Primary School for the construction of two (2) classrooms. The Fund entered into a contract with Berkimoo Enterprises Limited for the construction of two classrooms at a contract sum of Kshs. 2,066,258 on 4 September, 2024. The contract period was four (4) weeks. However, audit inspection of carried out on 27 November, 2024 revealed that the project was substantially not complete and contract period had lapsed. Works such as fixing of the iron sheets, flooring, painting, wiring and fixing window panes among others had not been done. The percentage completion could not be determined since a project status report was not provided for audit review. In addition, the contractor was not on site.</p> <p><b>B. Construction of Four (4) Classrooms at Iringa Primary School</b></p> <p>The transfer to other government units amount includes</p>	<p><b>School</b></p> <p>Management would want to confirm that works are ongoing onsite and the same shall be completed in due course, the delay was occasioned by the national examination were ongoing from 31stOctober to 1<sup>st</sup> November 2024 during the construction period and works had to be suspended.</p> <p><b>b) Construction of Four (4) Classrooms</b></p>		

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	<p>Kshs.7,000,000 disbursed to Iringa Primary School for the construction of four (4) classrooms. The Fund entered into a contract with M/S Celex Company Limited for the construction of four (4) classrooms at a contract sum of Kshs.6,998,150 on 24 November, 2023. The contract period was nine (9) months. However, audit inspection of the project on 27 November, 2024 revealed that the project was significantly behind schedule and the contract period had lapsed. Plastering, flooring, painting, wiring and fixing window panes among others had not been done. Further, the percentage of completion could not be determined since a project status report was not provided for audit review.</p> <p><b>C. Completion of Four (4) Classrooms on One-storey building at Riasuta Primary School</b></p> <p>The transfer to other government units amount includes Kshs.1,000,000 disbursed to Riasuta Primary School for the completion of four (4) classrooms on one-storey building. The works included plastering of ground and first floor, paving and floor finishing, glazing and painting. The project commenced on 1</p>	<p><b>at Iringa Primary School</b></p> <p>Management would want to confirm that works are ongoing onsite and the same shall be completed in due course, the delay was occasioned by the national examination were ongoing from 31st October to 1st November 2024 during the construction period and works had to be suspended.</p> <p>The contractor</p>		

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	<p>July, 2022 when a contract for the works was entered into between the Fund and M/S Phivico Enterprises Limited for a contract sum of Kshs.4,000,000. The contract period was twelve (12) weeks. How physical verification of the project on 27 November, 2024 revealed that the project was not complete and the contract period had lapsed. Paving, floor finishing, glazing and painting had not been done and the contractor was not on site.</p> <p><b>D. Construction of Multipurpose Hall and Library at Nyamondo Secondary School</b></p> <p>The transfer to other government units amount includes Kshs.7,000,000 disbursed to Nyamondo Secondary School for the construction of multipurpose hall and library. The Fund entered into a contract with Cejo Enterprise Limited for the construction of multipurpose hall and library at a contract sum of Kshs.6,800,640 on 22 November, 2023. The contract period was eight (8) months. However, physical verification of the project on 27 November, 2024 revealed that the project was significantly incomplete and the contract period had lapsed. Plastering,</p>	<p><i>requested for extension of contract period due unforeseen challenges (request attached) Annex 3</i></p> <p><b>c) Completion of Four (4) Classrooms on One-storey building at Riasuta Primary School</b></p> <p><i>The management would like to state that works has delayed due delayed approval of additional funding from the board and the same shall be completed when funds</i></p>		

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	<p>flooring, painting, wiring and fixing window panes among others had not been done. Further, the percentage completion could not be determined since a project status report was not produced for audit review.</p>	<p><i>are awaited</i></p> <p><b>d) Construction of Multipurpose Hall and Library at Nyamondo Secondary School</b></p> <p><i>Management would want to confirm that works are ongoing onsite and the same shall be completed in due course, the delay was occasioned by the national examination were ongoing from 4<sup>th</sup> October to 22 November 2024 during the</i></p>		

**National Government Constituencies Development Fund (NGCDF)  
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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)								
		construction period and works had to be suspended.  The contractor requested for extension of contract period due unforeseen challenges										
	<p><b>1.3.3. Lack of Inspection and Acceptance Committee Reports</b></p> <p><b>Finding</b> The transfer to other government units amount includes Kshs.11,188,680 disbursed to various Project Management Committees for various activities as shown below:</p> <table border="1" data-bbox="454 1758 641 1904"> <thead> <tr> <th>School</th> <th>Activity</th> <th>Cheque Nos</th> <th>Amount (Kshs.)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	School	Activity	Cheque Nos	Amount (Kshs.)					The inspection and acceptance committee minutes were not availed in the project file during the audit exercise; however, the minutes have been provided for verification		
School	Activity	Cheque Nos	Amount (Kshs.)									

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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)
	Kebabe Primary School	Completion of renovation of two classrooms and three rooms administration	14788	1,300,000			
	Emesa Primary School	Construction to completion two classrooms	17616/17657	2,072,170			
	Gotichaki Primary School	Construction to completion two classrooms	17610/17663	2,072,170			
	Ichuni Primary School	Construction to completion two classrooms	17615/17658	2,072,170			
	Igare DEB Primary School	Completion of administration block	14783	1,600,000			
	Keburunga DOK Primary School	Construction to completion two classrooms	17607/17666	2,072,170			
		<b>Total</b>		<b>11,188,680</b>			

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	However, inspection and acceptance committee reports were not provided for audit review to confirm that the constructions were carried out in accordance with the contract, standards and specifications.			
	<p><b>1.3.4. Project Branding</b></p> <p><b>Finding</b></p> <p>The transfer to other government units amount includes Kshs.55,696,066 in respect to transfers to primary schools which further includes Kshs.2,072,172 transferred to Nyangweta DOK Primary School for the construction of two classrooms. However, physical verification of this project on 27 November, 2024 revealed that it was not branded with the Fund's logo, and the year when the activity was budgeted for implementation, contrary to the law.</p>	<p><i>The project was still under implementation during the audit exercise and could not be branded by then, however the management has ensured that the project is branded accordingly.</i></p>		
	<b>1.3.5. Procurement of Buses</b>	The project		

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	<p><b>Finding</b></p> <p>The transfer to other government units amount includes Kshs.20,036,100 transferred to Amaiko Secondary School and Ayora Secondary School in equal amounts of Kshs.10,018,050 for the purchase of school buses. However, Management has not provided log books, tender evaluation reports, contracts and inspection and acceptance committee reports for the acquired buses to support this expenditure.</p>	<p><i>management committee for the mentioned project had not submitted the project files at the office during the audit period since they were still not completely implemented.</i></p> <p><i>However, management has requested for the same and shall be availed for audit once the same is availed by the project management committees.</i></p>		

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	<p><b>1.4. Other Grants and Transfers</b></p> <p>The statement of receipts and payments, and as disclosed in Note 7 to the financial statements, reflect other grants and transfers amount of Kshs.107,847,370. The following unsatisfactory matters were noted:</p> <p><b>1.4.1. Misclassification of Expenditure</b></p> <p><b>Finding</b></p> <p>The other grants and transfers amount includes Kshs.6,850,000 in respect to emergency projects. Review of records revealed that the expenditure relates to construction of pit latrines in various schools. However, the funds had been reallocated from the emergency vote to transfers to other government agencies by NG-CDF Board on 8 February, 2024 following a request by the Constituency Development Fund Committee. The expenditure should therefore be recognized under transfer to other</p>	<p><i>The management has taken the recommendation and amended the financial statement accordingly.</i></p>		

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	government units.									
	<p><b>1.4.2. Unsupported Bursary Payments</b></p> <p><b>Finding</b></p> <p>The other grants and transfers amount includes bursaries expenditure of Kshs.88,161,970 which further includes bursary disbursements totaling Kshs.15,688,100, as detailed in <b>Appendix I</b>, whose supporting receipts and acknowledgement letters from the respective receiving schools were not provided for audit.</p>	<p><i>Management is in the process of ensuring that acknowledgment letters and receipts are obtained from the respective institutions.</i></p> <p><i>The following has been received as we continue to request for the rest</i></p> <table border="1" data-bbox="1344 1161 1639 1326"> <thead> <tr> <th data-bbox="1344 1161 1413 1326">S, no</th> <th data-bbox="1413 1161 1541 1326">Name of institution</th> <th data-bbox="1541 1161 1639 1326">Amount</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	S, no	Name of institution	Amount					
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**National Government Constituencies Development Fund (NGCDF)  
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**National Government Constituencies Development Fund (NGCDF)  
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5		School Riokin do Boys High School	124,0 00	
6		Rongo Univer sity	203,0 00	
7		St. Camilu s School of Nursin g, Tabak a	105,0 00	

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	(Tabaka Mission Hospital)												
8	Ayora Secondary School	110,000											
9	Ayora Secondary School	140,000											
	<p><b>1.4.3. Over Expenditure on Bursaries Finding</b></p>	<p>The over expenditure on bursary has been occasioned by balances brought</p>											

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	The bursaries expenditure of Kshs.88,161,970 exceeded the approved budget of Kshs.73,651,960 shown in the code list, resulting in an unapproved expenditure on bursaries of Kshs.14,510,010 or 20% of the budget.	<i>forward from various financial years approved budgets which translate to Ksh 6,118,762 and not Ksh. 14,510,010 as is shown in the statement of appropriation.</i>		
	<p><b>Grounded Motor Vehicle</b></p> <p><b>Finding</b></p> <p>Annex 4 on summary of fixed asset register reflects transport equipment balance of Kshs.15,044,570 which includes Kshs.4,378,363 relating to motor vehicle registration No. GKA 605V. However, physical verification revealed that the vehicle had been lying in the yard and was not in use. Information provided indicates that the vehicle had been grounded since the</p>	<i>The Management has initiated the disposal of the vehicle of which a report on the same had been done and is waiting for instruction form the NG-CDF board</i>		

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	year 2019 and no effort had been made to repair or dispose of it. In addition, a report on its current mechanical status was not provided for audit review.			
	<p><b>1.5. Failure to Approve the Constituency Projects Code List</b></p> <p><b>Finding</b></p> <p>The summary statement of appropriation reflects a final budget amount of Kshs.22,533,909 against unallocated funds, which includes Kshs.22,471,909 in respect to previous years outstanding disbursements. The funds have not been allocated to the various constituency project proposals for unclear reasons. This has led to the constituency not receiving its rightful share of resources for development.</p>	<p><i>Management has continuously liaised with board and a number of projects has now since been cleared and only waiting for funding.</i></p>		
	<p><b>1.6. Budgetary Control and Performance</b></p>	<p><i>Management has continuously liaised</i></p>		

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	<p><b>Finding</b></p> <p>The summary statement of appropriation reflects receipts budget and actual on comparable basis amounts of Kshs.308,731,051 and Kshs.245,066,288 respectively, resulting to an underfunding of Kshs.63,664,763 (or 20% of the budget). Similarly, the fund expended Kshs.237,444.034 against an approved budget of Kshs.308,731,051 resulting in an under expenditure of Kshs.71,287,017 (or 23% of the budget).</p> <p>The underfunding and under expenditure affected the planned activities, impacting negatively on service delivery to the residents of South Mugirango Constituency.</p>	<p><i>with board and a number of projects has now since been cleared and only waiting for funding.</i></p>		

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**Name: Francis Onyango**  
**Fund Account Manager.**