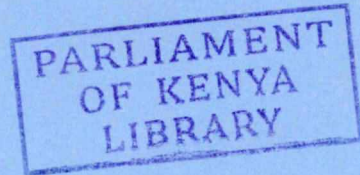


REPUBLIC OF KENYA



REPORT

OF




THE AUDITOR-GENERAL

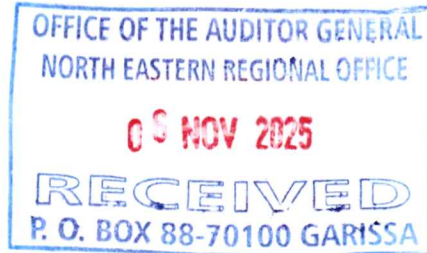
ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
LAGDERA CONSTITUENCY**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 NOV 2025	
DAY: WEDNESDAY	
TABLED BY:	DEPUTY MAJORITY WHIP
CLERK AT THE TABLE:	FINLAT





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

LAGDERA CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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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
NGCDFC	National Government Constituency Development Fund Committee
NSCA	National Sub-County Accountant
PFM	Public Finance Management
PMCs	Project Management Committees
PWD	Persons with Disability
FY	Financial Year
DFAC	Decentralized Funds Accounts Committee

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.

2. Key Constituency Information and Management

(a) Background information

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

Mandate

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

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

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

Vision

Equitable Socio-economic development countrywide.

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

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

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

Fiduciary Management

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

No	Designation	Name
1.	AIE holder	Yusuf Kilas Aden
2.	National Sub-County Accountant	Victor Nguma Muindi
3.	Chairman NGCDFC	Dagane Abdullahi Daib
4.	Member NGCDFC	Hassan Aden Mohamed
5.	Member NGCDFC	Ayan Shukri Ali Sagar

(c) Fiduciary Oversight Arrangements

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

P.O. Box 659-70100
Kismayu Avenue/Road/Highway
Garissa Kenya.

(e) NGCDF Lagdera Constituency Contacts

Telephone: (254) 0723504365
E-mail: cdflagdera@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) NGCDF Lagdera Constituency Bankers

1. Equity Bank
Garissa Branch
P.O. Box 700-70100, Garissa
Operations Account Number: 0580283860216
2. Equity Bank
Garissa Branch
P.O. Box 700-70100, Garissa
Deposit Account Number: 0580285960372
3. Equity Bank
Garissa Branch
P.O. Box 700-70100, Garissa
All PMC Accounts





(g) Independent Auditor

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

(h) Principal Legal Adviser

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

3. NGCDF Committee

Name	Details
 Mr. Dagane Abdullahi Daib	Date of Birth: 09 th February, 1983, Academic : KCSE Certificate Professional Qualifications: computer applications Work Experience: Businessman
 Mr. Hassan Mohamed Gabay	Date of Birth: 17 th August, 1998, Academic: KCSE Certificate Work Experience: Businessman
 Mr. Daib Mohamed Sahal	Date of Birth: 01 st January, 1962, Work Experience: Businessman
 Ms. Sundus Ali Samow	Date of Birth: 22 nd April, 1996, Academic: KCSE and KCPE Certificates Professional Qualifications: certificate in computer applications Work Experience: Businesswoman

	<p>Date of Birth: 12th October, 1999, Academic: KCSE and KCPE Certificates Work Experience: Businesswoman</p>
	<p>Date of Birth: 01st January, 1972, Academic a KCSE Certificate Work Experience: Businessman</p>
	<p>Date of Birth: 01st January, 1984, Professional Qualifications: driving license Work Experience: Businessman</p>
	<p>Date of Birth: 01st January, 1974 Work Experience: Businesswoman</p>



Mr. Yusuf Kilas Aden

Date of Birth: 01st January, 1985,
Academic: Master in Business Administration (MBA – Strategic Management)
Professional Qualifications: Banking & Finance
Work Experience: Fund Account Manager in various Constituencies

4. NGCDFC Chairman's Report



It is with great pleasure that I express my gratitude to the people of Lagdera Constituency for granting me the opportunity to serve as Lagdera NGCDFC chairman. We are delighted to present the unaudited accounts and collaborative annual report for the year ending June 30, 2025

Lagdera National Government Constituency Development Funds as mandated by NG-CDF Act, prioritized on projects for funding during the financial year 2024/2025.

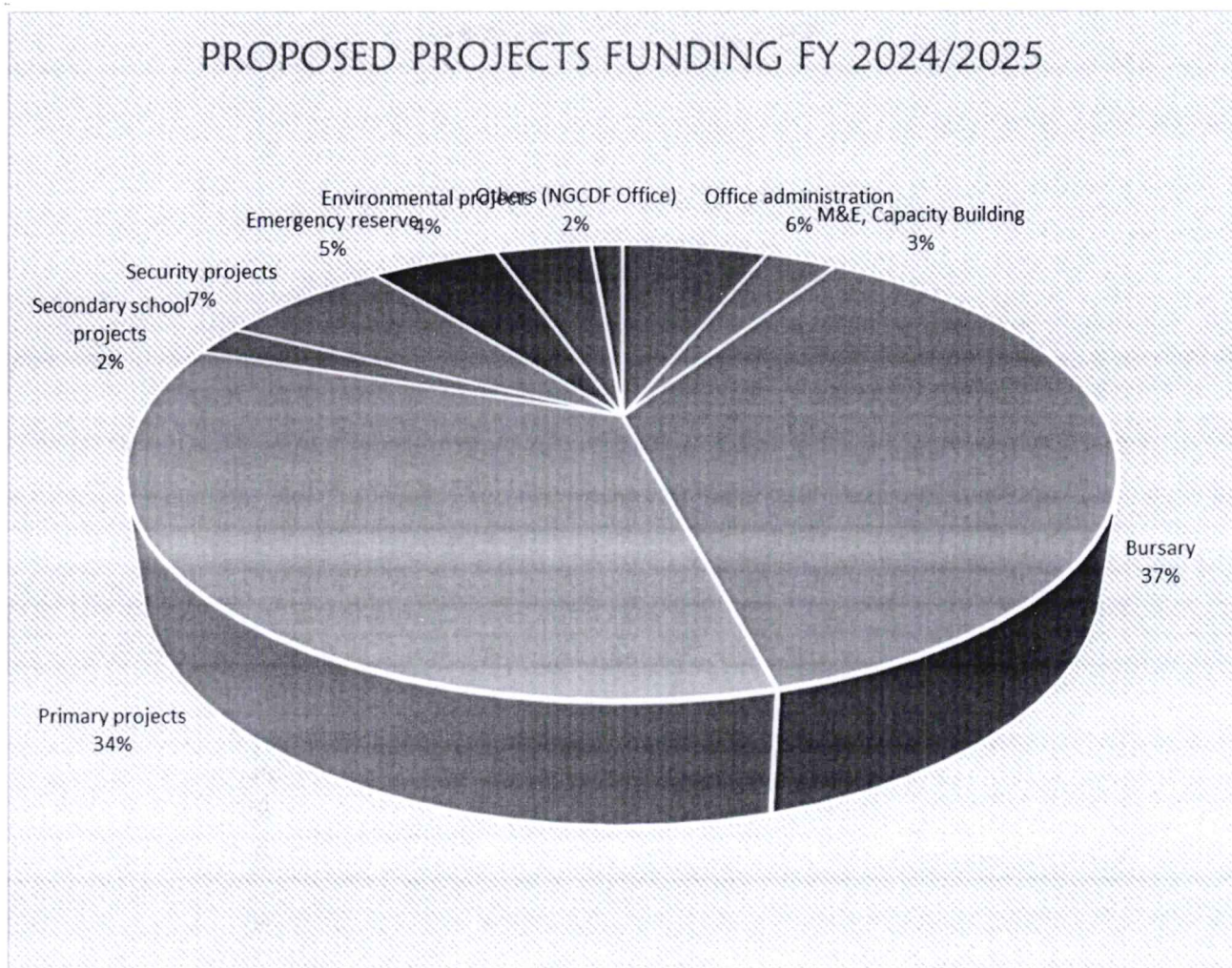
Mr. Dagane Abdullahi Daib

The committee after carrying out the needed assessments and in consultation with other stake holders came up with projects for funding and forwarded to the board for approval.

In the financial year 2024/2025, NG-CDF Lagdera Constituency was allocated Kshs. 188,414,052.19. However, a total of Kshs.306, 754,906 was available for spending during the financial year. The allocation comprised an opening balance of Kshs.63, 019,370 and, Ksh.55, 321,484 still owed from the Board, and the allocation for the period.

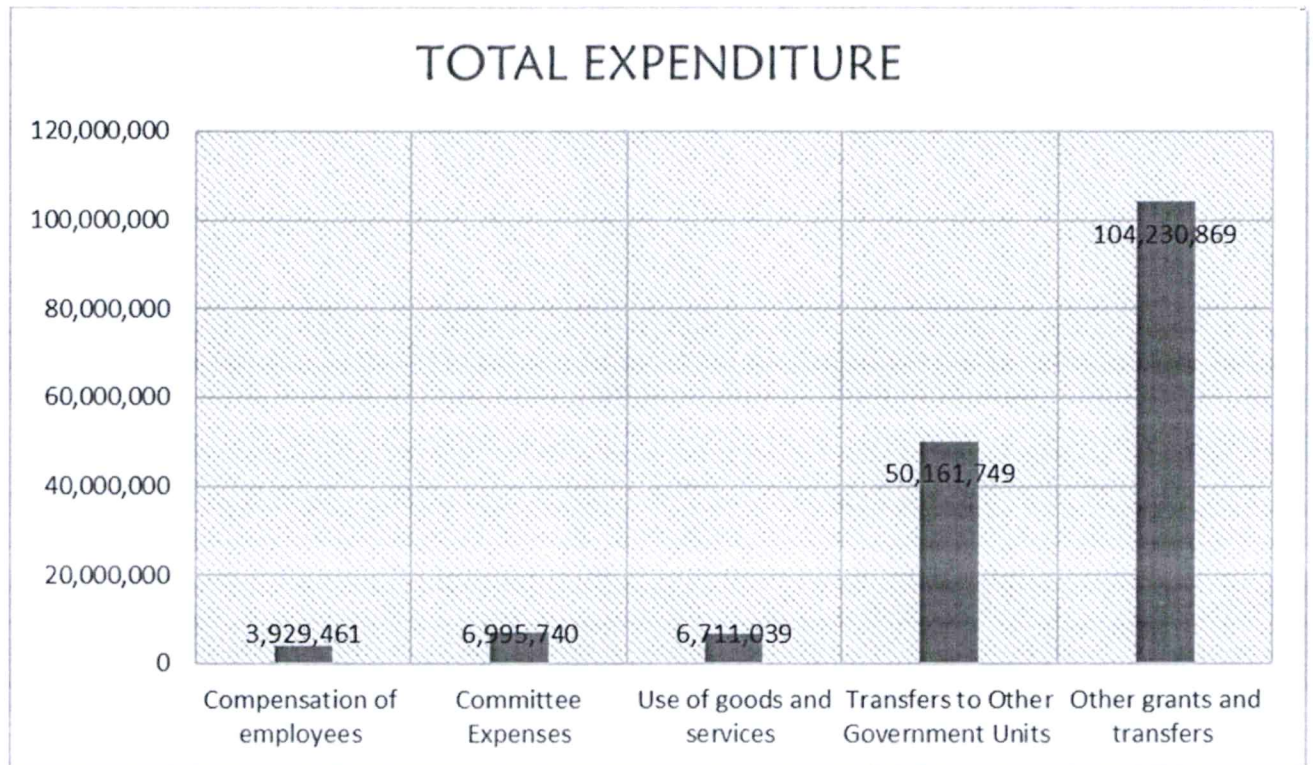
The following is the summary breakdown of proposed projects for funding during the financial year 2024/2025.

S/NO	PROPOSED NAME	AMOUNT ALLOCATED (KSHS)	%ALLOCATION
1	Office administration	11,304,843.00	6%
2	M&E, Capacity Building	5,652,421.00	3%
3	Bursary	69,800,000.00	37%
4	Primary projects	64,500,000.00	34%
5	Secondary school projects	4,000,000.00	2%
6	Security projects	13,300,000.00	7%
7	Emergency reserve	9,916,529.39	5%
8	Environmental projects	7,472,999.20	4%
9	Others (NGCDF Office)	2,467,259.60	1%
	TOTAL	188,414,052.19	100%



During the financial year the committee received amount of Kshs. 185,321,484.00 from the board which includes Kshs 55,321,384 Owings from the boards for the financial year 2023/2024. The committee further managed to disburse funds and the breakdown of expenditure is as follows:

ITEM	AMOUNT SPENT
Compensation of employees	3,929,461
Committee Expenses	6,995,740
Use of goods and services	6,711,039
Transfers to Other Government Units	50,161,749
Other grants and transfers	104,230,869
TOTAL PAYMENT	172,028,858



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

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

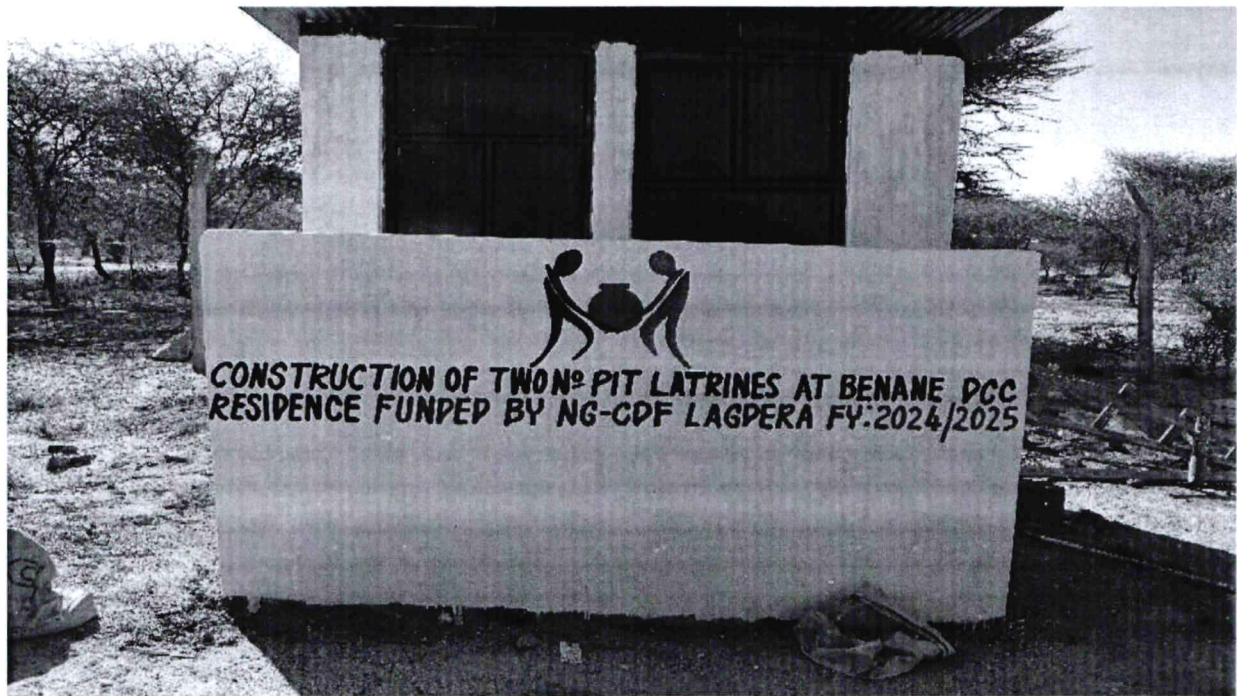
Role of Citizens in Strategic plan development and Implementation

The Constitution of Kenya advocates for community participation in project formulation and implementation for ownership and sustainability. The NG-CDF Committee expects the community at the forefront of the project cycle:

1. Participate in open public meetings convened by the Chairperson of the NGCDFC to deliberate on development matters in the constituency to facilitate in prioritization of projects;
2. To participate in project implementation by voluntarily providing locally available resources (land, materials, labor, or skills) or for pay;
3. Participate in the nomination and formation of PMCs for the purpose of implementation of the projects;
4. To provide feedback to the Board, law enforcement Agencies & the public on matters concerning the Fund;
5. Witness the commissioning of projects, issuing cheques, Launching of new projects, handing over of the project sites and complete projects to the end users, and other disbursements by the constituency committee to take over & sustain completed projects.

Summary of Key Achievements during the financial year

1. Free secondary school and tertiary institution-The Committee managed to support 113 students undertaking teaching and medical course as well as provided fees to all students within the schools in the constituency.
2. Renovation of 120 bed capacity dormitory at Modogashe Girls Secondary School. This will enhance affirmative action in the constituency;
3. Improved Transparency within the institution. The procurement process was extremely transparent and the public was involved in the whole process. The tenders were advertised through open tenders and the Project Management Committees were involved in the tender opening, tender evaluation and the awarding process.
4. The entity Constructed of 26 new classrooms and 27 pit latrines for primary, JSS and secondary schools.
5. Installation of solar system to increase accessibility of power in rural areas where the national grid has not reached



Challenges, Emerging Issues and Risk Affecting the Constituency Operation

- Delayed disbursement of funds which hinders timely implementation of projects.

- Poor road network which affects close monitoring of projects during implementation.
- Unexpected reallocation due to stakeholders asking for changes of project scope/activity.

Recommendation and/or Mitigation Factors to the Challenges

- Timely disbursement of funds to avoid delayed implementation of projects.
- The government to improve on road network to ease the implementation of projects.
- The constituency office to engage all relevant stakeholders to avoid duplication.



.....
Name: Dadane Abdullahi Daib

Chairman NGCDF Committee

**CHAIRMAN
NG-CDF LAGDERA
P. O. Box 659-70100,
GARISSA**

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 Lagdera Constituency 2023-2027** plan are to:

1. To improve access, affordability and availability of quality education.
2. To harness talent and empower youths.
3. To cater for any unforeseen occurrences in the constituency.
4. To promote environmental sustainability in the constituency.
5. To enhance security in the constituency.
6. To improve tracking of implementation of NG-CDF programmes
7. To promote performance management and smooth running of the NG-CDF office

Progress on the attainment of Strategic development objectives

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

Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and	number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels	In FY 2024/25 -we increased number of classrooms/dormitories/laboratories etc from 28 to 42 in the following schools/institutions

National Government Constituencies Development Fund (NGCDF)

Lagdera Constituency

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

		tertiary institutions		-Bursary beneficiaries at all levels were as per the attached schedules
Security	To enhance security in the constituency	Reduced number of insecurity cases in the constituency	Number of usable physical infrastructures built in NG-CDF offices, ACC offices and chiefs' offices	-we renovated additional number of chiefs' offices (1) -constructed seven number pit latrines and supplied office furniture's in police stations. - fenced 2 ACC offices and supplied with office furniture's.
Climate change mitigation activities	To promote environmental sustainability	Increase in the number of trees and proper collection of garbage and disposal of sewerage waste	Conservation of soil by trees and usable pit latrines	We constructed additional number of pit latrines and installed water tanks with gutters to harvest rain water in public institutions.
Emergency	To cater for unforeseen occurrences in the constituency	Catering for any unforeseen occurrences in the constituency	Prompt response in case of any occurrences	We set aside funds for any emergencies

6. Governance Statement

Appointment of NGCDF Members

- i. The formation of the NGCDFC Members is guided by the NG-CDF Act Section 43(1) (2) (3) & (4).
 - a. This procedure shall start upon receipt of the guidelines on formation of NGCDFC from the NG CDF Board,
 - b. The FAM shall write a letter to the DCC and Constituency Office Manager requesting for the nomination of members of the selection panel as per the guidelines and maintain a record confirming receipt
 - c. The DCC shall nominate in writing an officer or his/her representative who will be the chairperson to the NG CDFC selection panel.
 - d. The Constituency Office Manager shall nominate in writing two persons of either gender to be members of the selection panel.
 - e. The chair shall then convene the first selection panel meeting to document criteria for selection of the four members to the NGCDFC (Male and female adults, male and female youth) and advertise (the applicants shall be given two weeks to submit their applications).
 - f. The FAM shall then write to the Constituency Office Manager requesting for the nomination of two persons of either gender as per the guidelines issued by the NG-CDF Board to be members of the NGCDFC maintain a record confirming receipt
 - g. The Constituency Office Manager shall then nominate in writing the two members to the NGCDFC.
 - h. The FAM shall write to a registered group representing people with disabilities in the constituency as per the guidelines as issued by the NG-CDF Board requesting for nomination of one person with disability to sit in the NG-CDF committee and maintain a record confirming receipt
 - i. The PWD organization shall nominate in writing a member to the NGCDFC.
 - j. Applications are received at the NG-CDF office and recorded in the application register.

- k. Within one week after the closure of the advertisement, the Selection panel shall convene to shortlist the suitable candidates as per the criteria in the advert. The successful candidates shall then be called for interviews within seven days.
- l. The Selection panel shall hold the interviews of the invited candidates and come up with the final list of qualified nominees to the NGCDFC.
- m. The FAM shall then submit to the NG-CDF Board the report of the selection panel which includes seven nominees and the Nominee of the Board to the NGCDFC as per the guidelines within seven days.
- n. The FAM shall ensure that the timelines set out in the regulations are adhered to during the process of selection and appointment of NGCDF Committees
- ii. The selected members are forwarded to parliament through CEO of the board for purpose of gazettelement
- iii. Upon gazettelement the DCC or the FAM shall for the first meeting where the chairperson and secretary are elected

NGCDFC Handing Over Processes

Paragraph 24(1) of the NG-CDF Regulations 2016 states that the officer of the board seconded to the constituency shall preside over the handover from one Constituency committee to another and shall submit a report on the hand over within fourteen days from the date of the hand over.

Removal of members is as in the act 2015 section 13, a,b,c,d,e f and g

A member of the Constituency Committee may be removed from office on any one or more of the following grounds-

- (a) Lack of integrity;
- (b) Gross misconduct;
- (c) Embezzlement of public funds;
- (d) Bringing the committee into disrepute through unbecoming personal public conduct;

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

Roles and function of the committee

- Build the capacity of PMCs and sensitise the community on operations of the fund
- Consider project proposals from all wards in the constituency
- Ensure that all proposed projects that are approved for funding meet the sec 24 of the Act
- Consult with relevant line ministries in the implementing the projects
- Ensure adequate funding of the proposed projects
- Ensure project reports are prepared and forwarded to the board
- Submit financial reports to the board within stipulated time

Induction and Training

The committee on being inaugurated is taken for induction by the Board and subsequent training is done by the constituency as per the training plan.

Meetings

The committee is to have a maximum of 24 meetings and a minimum of 12 in a financial year as per the 2015 Act. In Lagdera Constituency, the NGCDFC Committee conducted 16 Meetings and 2 Sub-committee meetings.

NO	NAME	CATEGORY	WARD	NO. OF MEETINGS HELD	NO. OF SUB-COMMITTEES HELD
1	Ismail Adow	Male Adult	Modogashe	16	2
2	Hassan Mohamed Gabay	Male Youth	Baraki	16	2
3	Hassan Aden Mohamed	Co-opted Member	Maalimin	16	0
4.	Ayan shukri Ali	Female Youth	Benane	16	2
5.	Sundus Ali samow	Member	sabena	16	2
6.	Saadia bile	Female Adult	Goreale	16	2
7.	Dagane abdullahi daib	Male Adult	Maalimin	16	0
8.	Daid Mohamed	PWD	benane	16	0

The committee members are remunerated from the fund at Kshs 5,000 for members and 7000 for the chairman

Conflict of interest

The committee members declare conflict of interest in any matter as the procurement and disposal Act by a standard form at the time of the matter.

Ethics and Conduct

An anticorruption sub committee was formed on the first meeting and members have been trained on the requirements of the Anticorruption Act and Chapter Six of the Constitution on integrity matters.

Risk Management

Risk management is a tool by the board to gauge on the risks that the constituency goes through which is attested on monthly and quarterly basis by the NGCDFC office. The report is tabled for discussion at the meeting by the committee.

7. Management Discussion and Analysis

Establishment and Management of the Fund

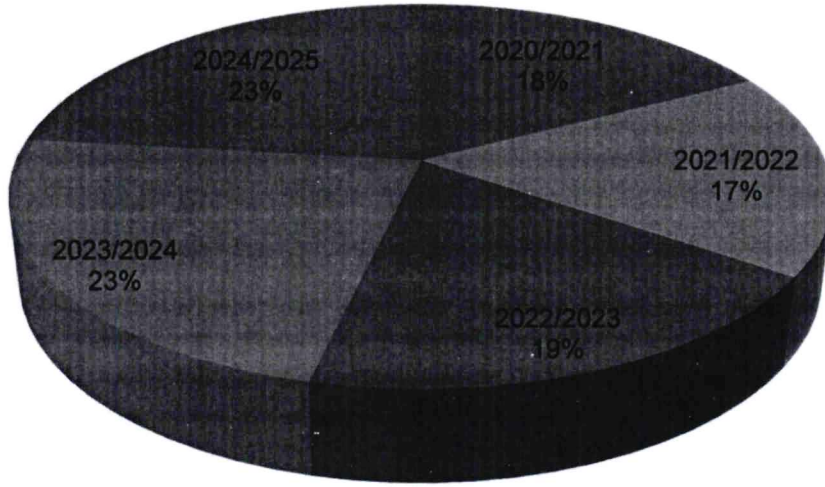
Section 4 of the Act states that: There is established a fund to be known as the National Government Constituencies Development Fund which shall—(a) Be a National Government Fund consisting of monies of an amount of not less than 2.5% (two and half per centum) of all the national government's share of revenue as divided by the annual Division of Revenue Act enacted pursuant to Article 218 of the Constitution;

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

For the past five years Lagdera NGCDF was allocated total sum of Kshs.794,681,886.30 from 2020/2021 to 2024/2025:

FINANCIAL YEAR	ALLOCATION (KSHS)
2020/2021	137,088,879.31
2021/2022	137,088,879.00
2022/2023	151,960,174.00
2023/2024	184,129,901.00
2024/2025	184,414,052.99

FIVE YEAR ANNUAL ALLOCATION (KSHS)

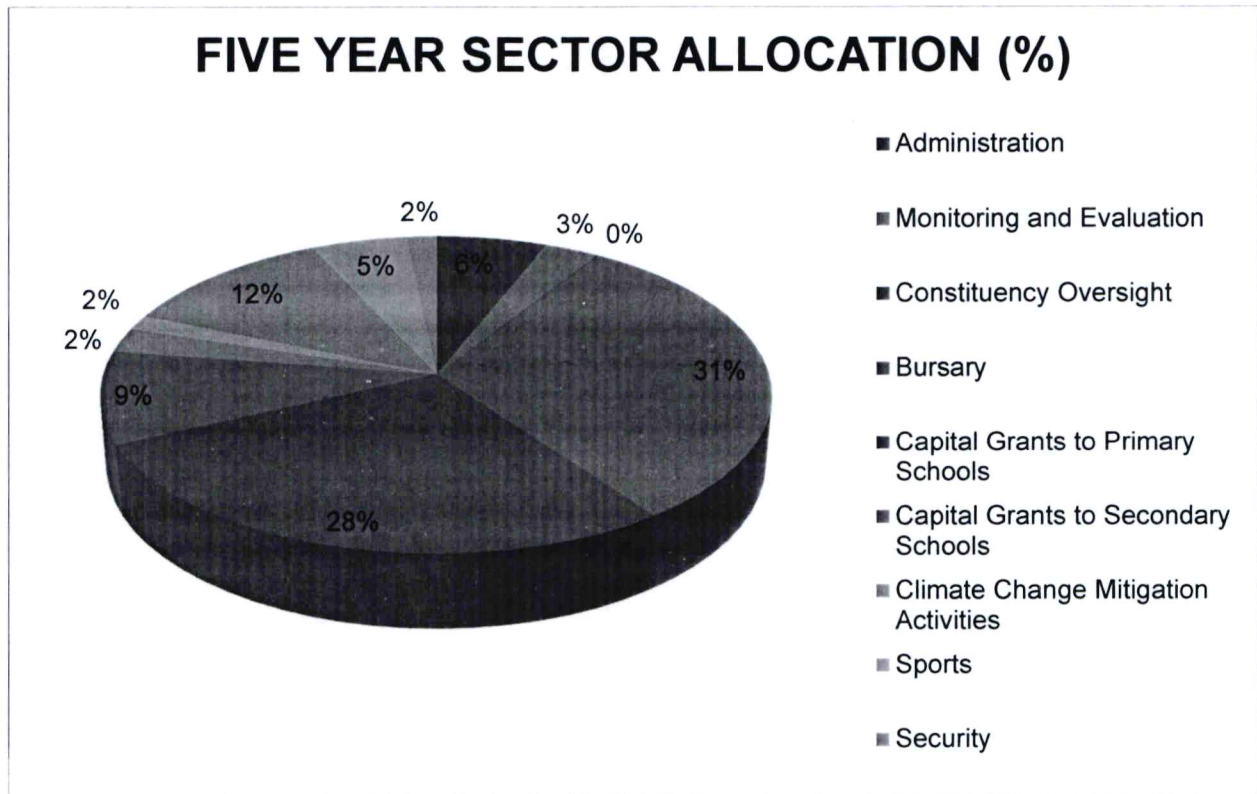


Funds Key Project Implementation and Future Development

The constituency Strategic Plan 2022/2023 to 2026/2027 clearly identifies a number of strategies and their implementation matrix. For the last 3 financial years, the implementation matrix has had a funding with sectoral allocations with approved code list for funding under Section 24 of the Act and the highest beneficiary being education sector through bursary and schools infrastructural development. The table below shows how the funds were distributed across all sectors.

SECTOR	ALLOCATION (KSHS)	% ALLOCATION
Administration	47,401,309.36	6%
Monitoring and Evaluation	23,960,455.00	3%
Constituency Oversight	462,705.00	0%
Bursary	247,263,743.00	31%
Capital Grants to Primary Schools	221,331,583.00	28%
Capital Grants to Secondary Schools	74,790,417.13	9%
Climate Change Mitigation Activities	19,595,757.38	2%
Sports	12,205,356.18	2%

Security	93,000,000.00	12%
Emergency	41,628,178.39	5%
Others	13,042,379.42	2%



Bursary Sector

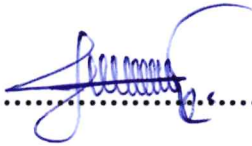
The committee over the last 3 years managed to allocate bursary over 3,000 learners every financial year. The ever increasing population in the Constituency largely affects the awarding of bursaries. However, the committee has endeavoured to provide scholarship depending on schools performance and level of need for individual learners. This is vetted on case by case.

Grants to Primary and Secondary Schools

The committee has tried over the years to construct new classrooms across all Wards. Over 26 Classrooms have been built, and renovations to a number of schools which were constructed many years ago by the fund.

Security

The committee has ensured completion for the construction of two Assistant county commissioners' offices for accessibility of government services closer to the people.



FUND ACCOUNT MANAGER
JAGDERA CONSTITUENCY
P.O. BOX 659-70100 GARISS.

Name: Mr. Yussuf Kilas Aden
Fund Account Manager

8. Environmental and Sustainability Reporting

Lagdera 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 Lagdera Constituency, the committee funds the following key sectors with the following sustainable priorities.

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

Environmental protection is a core initiative of the Lagdera NG-CDF. Environmental sustainability is a crucial aspect of our operational approach for implementation of environmental programmes. The committee is waiting for guidelines from the Board in line with the changes in the NG-CDF Act 2015 as amended in 2023. These will guide the in coming up with future strategies in handling climate change mitigation matters.

Despite that, the committee has allocated sufficient funds for environmental activities such as green energy initiatives such as installation of solar systems in various institutions in the constituency.

3. Employee welfare

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

4. Marketplace practices-

Lagdera 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 honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests.

5. Community Engagements-

Lagdera 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

Lagdera Constituency deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituents, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long-term, was submitted to the NGCDF Board in accordance with the Act.

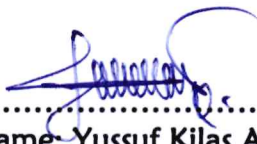
Public participation is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

The NGCDFC 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.

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



FUND ACCOUNT MANAGER
LAGDERA CONSTITUENCY
P. O. BOX 659-70100 GARISS.

.....
Name: Yussuf Kilas Aden
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-Lagdera 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-Lagdera 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 In charge of the NGCDF-Lagdera Constituency further confirms the completeness of the accounting records maintained for the constituency, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF Lagdera 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-Lagdera Constituency financial statements were approved and signed by the Accounting Officer on 06-11-2025.



.....
Name: Dagane Abdullahi Daib
Chairman – NGCDF Committee

CHAIRMAN
NG-CDF LAGDERA
P. O. Box 659-70100,
GARISSA



.....
Name: Yussuf Kilas Aden
Fund Account Manager

FUND ACCOUNT MANAGER
LAGDERA CONSTITUENCY
P.O. BOX 659-70100 GARISS.

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LAGDERA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Lagdera Constituency set out on pages 1 to 54,

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

which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial position, 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, in all material respects, the financial position of National Government Constituencies Development Fund - Lagdera Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Bursary Payments

The statement of financial performance reflects other grants and transfers of Kshs.98,231,294 as disclosed in Note 11 to the financial statements. Included in the amount is Kshs.24,718,000 and Kshs.31,673,815, all totalling to Kshs.56,391,815, disbursed to various secondary schools and tertiary institutions respectively as bursary to needy students. However, review of the expenditure revealed that an amount of Kshs.1,453,000 disbursed to various institutions had not been acknowledged through official receipts or acknowledgement letters by the beneficiary institutions.

In the circumstance, the accuracy and completeness of bursary disbursements amounting to Kshs.1,453,000 could not be confirmed.

2. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects a net book value of Kshs.1,750,000 in respect of property, plant and equipment and as disclosed in Note 17 to the financial statements. However, the Fund owns immovable assets including land, buildings, equipment and computers whose values were not disclosed in financial statements. Further, the ownership documents for land where the fund is domiciled were not provided for audit.

In the circumstance, the accuracy and completeness of the of the property, plant and equipment balance of Kshs.1,750,000 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Lagdera Constituency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the

ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budget Performance and Control

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.306,754,906 and Kshs.248,340,854 respectively, resulting in an under-funding of Kshs.58,414,052 or 19% of the budget. Similarly, the Fund spent Kshs.169,633,521 against available funds of Kshs.248,340,854, resulting in an under-utilization of Kshs.78,707,333 or 32% of the available funds.

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

My Opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following matters remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Unaccounted for Bursary Grants
2	2023/2024	Budgetary Control and Performance
3	2023/2024	Project Implementation Status
4	2023/2024	Failure to report to the Board on Utilization of Emergency Reserve Grants
5	2023/2024	Failure to Open Deposit Holding Account
6	2023/2024	Lack of Ownership Documents and Disclosure of Assets

Other Information

The Management responsible for the Other Information set out on page iii to xxxi which comprise of Key Constituency Information and Management, NG-CDF Committee, NG-CDF Chairman's Report, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting 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 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 the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Un-Utilized Project

The Fund spent Kshs.4,500,000 on completion of three (3) roomed staff house and renovation of one hundred and twenty (120) bed capacity dormitory at Modogashe Girls Secondary School. Physical inspection carried out in the Month of September, 2025 revealed that the projects were completed but not put into use, an indication that the proper needs-assessment was not carried out.

In the circumstance, it was not possible to confirm if value for money was realized from the projects worth Kshs.4,500,000.

2. Failure to Report Utilization of the Emergency Reserve to the Board

The statement of receipts and payments reflects other grants and transfers amounting to Kshs.98,231,294 as disclosed in Note 11 to the financial statements. Included in the amount is expenditure on emergency projects totalling Kshs.11,788,155. Review of the records maintained by Management revealed that the Fund's utilization of the emergency reserve was not reported to the Board within thirty (30) days of occurrence of the emergency. This was contrary to the requirements of Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which provides that, the utilization of the emergency reserve shall be reported to the Board within thirty (30) days of the occurrence of the emergency, in the format prescribed by the Board.

In the circumstance, Management breached the law.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Update Project Implementation Status Report

During the year under review, Management spent Kshs.52,111,889, Kshs.27,078,825 and Kshs.11,788,155 on transfer to other government units, security projects and emergency projects respectively. However, Management did not provide a comprehensive Project Implementation Status report detailing the year the projects were implemented, status of on-going projects and projects done in the previous years.

In the circumstance, the effectiveness of project implementation tracking controls could not be confirmed.

2. Incomplete Fixed Asset Register

The Fund owns immovable assets including land, buildings, equipment and computers whose values were not disclosed in financial statements. However, the Fund did not have a centralized asset register for recording of property, plant and equipment.

In the circumstances, the effectiveness of internal controls on management of fixed assets could not be confirmed.

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

Responsibilities of the Management and the National Government Constituencies Development Fund Committee

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


7 November, 2025

*National Government Constituencies Development Fund (NGCDF)
Lagdera 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

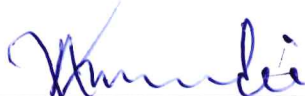
	Note	FY 2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	5	188,414,052
Transfers from domestic and foreign partners	6	-
Total revenue		188,414,052
Expenses		
Employee costs	7	4,869,207
Committee expenses	8	7,356,740
Use of Goods and Services	9	5,985,227
Other Government Units Actual expenditure	10	52,111,899
Other Grants and Transfers Actual expenditure	11	98,231,294
Depreciation and amortization expense	12	250,000
Digital Hubs Expenses Actual expenditure	13	-
Total expenses		168,804,367
Surplus/(Deficit) for the year		19,609,685

The Constituency financial statements were approved by the NGCDFC on 06-11-2025 and signed by:



Chairman NG-CDF
Committee
Name: Dagane A. Daib

**CHAIRMAN
NG-CDF LAGDERA
P. O. Box 659-70100,
GARISSA**



National Sub-County
Accountant
Name: Victor N. Muindi
ICPAK M/No: 20606



Fund Account Manager
Name: Yussuf Kilas Aden

**FUND ACCOUNT MANAGER
LAGDERA CONSTITUENCY
P. O. BOX 659-70100 GARISSA**

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

	Note	June 30, 2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	14	78,707,333	63,019,370
Receivables from Non-Exchange Transactions	15	58,414,053	55,321,485
Prepayments	16	18,900	-
Total Current Assets		137,140,286	118,340,855
Non-Current Assets			
Property, Plant and Equipment	17	1,750,000	-
Total Non- Current Assets		1,750,000	-
Total Assets (A)		138,890,286	118,340,855
Liabilities			
Current Liabilities			
Gratuity Provision	18	1,942,721	1,002,975
Total Current Liabilities		1,942,721	1,002,975
Non-Current Liabilities			
Total Liabilities (B)		1,942,721	1,002,975
Net Assets (A-B)		136,947,565	117,337,880
Represented by:			
Accumulated Surplus		136,947,565	117,337,880
Total Net Assets		136,947,565	117,337,880


The Constituency financial statements set out on pages 1 to 13 approved by NG CDFC on 06-11-2025 and signed by:

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



Chairman NG-CDF
Committee
Name: Dagane A. Daib

**CHAIRMAN
NG-CDF LAGDERA
P. O. Box 659-70100,
GARISSA**



National Sub-County
Accountant
Name: Victor N. Muindi
ICPAK M/No: 20606



Fund Account Manager
Name: Yussuf Kilas Aden

**FUND ACCOUNT MANAGER
LAGDERA CONSTITUENCY
P. O. BOX 659-70100 GARISS.**

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

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
Fund Balance as at 30 th June 2024		60,402,410	60,402,410
Adjustments			
Recognition of Assets	-	57,938,445	57,938,445
Recognition of Liabilities	-	(1,002,975)	(1,002,975)
As at July 1, 2024	-	117,337,880	117,337,880
Surplus/(Deficit) For the Period	-	19,609,685	19,609,685
Revaluation Gain/Loss	-	-	-
As at June 30, 2025	-	136,947,565	136,947,565

Note:

1. 1. On Recognition of Assets, we have included PMC Bank balances and disbursement owing from the Board
2. On Recognition of Liabilities, we have included Gratuity Provision.

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

	Notes	June 30, 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		185,321,484
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
Total Receipts		185,321,484
Payments		
Employee costs		3,929,461
Committee expenses		7,356,740
Use of Goods and Services		6,004,127
Other Government Units Certified Works		52,111,899
Other Grants and Transfers		98,231,294
Digital Hubs Expenses		-
Total Payments		167,633,521
Net Cash Flows from/ (used in) Operating Activities	19	17,687,963
Cash flows From Investing Activities		
Purchase of PPE		-
Purchase of Intangible assets		2,000,000
Proceeds From Sale of PPE		-
Net Cash Flows from Investing Activities		2,000,000
Net increase/(decrease) in cash & Cash equivalents		15,687,963
Cash Flows from Financing Activities		

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

Lease Payment		-
Net Cash Flows from Financing Activities		15,687,963
Cash and cash equivalents at 1st July, 2024	14	63,019,370
Cash and cash equivalents at 30th June, 2025	14	78,707,333

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

15. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th 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		
Revenue							
Transfers From the NGCDF Board	188,414,052	63,019,370	55,321,484	306,754,906	248,340,854	58,414,052	80.96%
Transfers from domestic and foreign partners							
Finance income							
Miscellaneous income							
Totals	188,414,052	63,019,370	55,321,484	306,754,906	248,340,854	58,414,052	80.96%
Expenses							
Employee costs	6,009,468	5,915,302	-	11,924,770	3,929,461	7,995,309	32.95%
Committee expenses	3,775,375	7,728,568	-	11,503,943	7,356,740	4,147,203	63.95%
Use of Goods and Services	7,172,421	4,524,069	15,720	11,712,210	6,004,127	5,708,083	51.26%
Other Government Units Certified Works	68,500,000	23,208,134	29,605,764	121,313,898	52,111,899	69,201,999	42.96%
Other Grants and Transfers	100,489,528	19,643,297	25,700,000	145,832,826	98,231,294	47,601,532	67.36%
Acquisition Of Assets	2,467,260	2,000,000	-	4,467,260	2,000,000	2,467,260	44.77%

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024/2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024/2025	2024/2025		
Digital Hubs Expenses							
Funds Pending Approval**							
Total Expenditure	188,414,052	63,019,370	55,321,484	306,754,906	169,633,521	137,121,385	55.30%
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.

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

Explanatory Notes.

[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	137,121,385
Less undisbursed funds receivable from the Board as at 30 th June 2025	58,414,052
Cash and Cash Equivalents at the end of the 30 th June 2025	78,707,333

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 06-11-2025 and signed by:



Fund Account Manager

Name: Yussuf Kilas Aden



National Sub-County Accountant

Name: Victor Nguma Muindi
ICPAK M/No: 20606



Chairman NG-CDF Committee

Name: Dagane Abdullahi Daib

FUND ACCOUNT MANAGER
LAGDERA CONSTITUENCY
P. O. BOX 659-70100 GARISS.

CHAIRMAN
NG-CDF LAGDERA
P. O. BOX 659-70100
GARISSA

National Government Constituencies Development Fund (NGCDF)

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	6,009,468	5,915,302	-	11,924,770	3,929,461	7,995,309
1.2 Committee allowances	1,975,375	4,469,691	-	6,445,066	6,160,740	284,326
1.3 Use of goods and services	3,320,000	2,684,069	15,720	6,019,789	2,797,542	3,222,247
Sub-total	11,304,843	13,069,062	15,720	24,389,625	12,887,743	11,501,882
2.0 Monitoring and evaluation						
2.1 Capacity building	2,612,421	1,845,072		4,457,493	1,743,960	2,713,533
2.2 Committee allowances	1,800,000	1,413,805		3,213,805	1,196,000	2,017,805
2.3 Use of goods and services	1,240,000	1,840,000		3,080,000	1,462,625	1,617,375
Sub-total	5,652,421	5,098,877	-	10,751,298	4,402,585	6,348,713
3.0 Emergency						
3.1 Primary Schools	6,316,529	807,611		7,124,140	3,298,625	3,825,515
3.2 Environment		6,991,047		6,991,047	6,991,030	17
3.3 Security projects	1,500,000			1,500,000	1,498,500	1,500,000
Un-utilized	2,100,000	-		2,100,000	-	2,100,000
Sub-total	9,916,529	7,798,658	-	17,715,187	11,788,155	5,927,032
4.0 Bursary and Social Security						
4.1 Primary Schools						

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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			
4.2 Secondary Schools	30,000,000	745,139	-	30,745,139	24,718,000	6,027,139
4.3 Tertiary Institutions	36,800,000	1,080,000	6,000,000	43,880,000	31,673,815	12,206,185
4.4 Universities						
4.5 Social Security	3,000,000	-		3,000,000		3,000,000
Sub-total	69,800,000	1,825,139	6,000,000	77,625,139	56,391,815	21,233,324
5.0 Climate Change Mitigation						
5.1 Tinas Primary School	1,472,999			1,472,999	1,472,999	
5.2 Modogashe Girls Sec Sch	3,000,000	-		3,000,000		3,000,000
5.3 Lagdera Tech & Vocational	3,000,000	10,000		3,010,000		3,010,000
Sub-total	7,472,999	10,000	-	7,482,999	1,472,999	6,010,000
6.0 Primary Schools Projects (List all the Projects)						
6.1 Dadfarow Primary School	1,000,000	1,000	-	1,001,000		1,001,000
6.2 Bulla Hidig Primary School	-	-	600,000	600,000	600,000	-
6.3 Bullo Primary School	-	560	-	560		560
6.4 Dihle NUR Primary School	1,250,000	1,050	-	1,251,050		1,251,050
6.5 Hadun Primary School	-	500	-	500		500
6.6 Janju Primary School	4,000,000	-	-	4,000,000		4,000,000
6.7 Kambi Samaki Primary School	-	237,700	1,500,000	1,737,700	1,737,700	-
6.8 Madina Primary School	3,500,000	-	-	3,500,000		3,500,000

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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			
6.9Modogashe Boarding Pri Sch		40,160	-	40,160	28,000	12,160
6.10Rigdam Primary School	2,000,000	-	-	2,000,000		2,000,000
6.11 Sarta Primary School	-	800	-	800		800
6.12 Goreale Primary School	2,000,000	860	-	2,000,860		2,000,860
6.13 Sheikh Hajir Primary School	-	1,000	-	1,000		1,000
6.14 Tinas Primary School	-	-	2,000,000	2,000,000	1,998,000	2,000
6.15Wayamo Jibril Primary School	1,500,000	-	-	1,500,000		1,500,000
6.16 Bulla Sheikh Primary School	4,000,000	850	-	4,000,850		4,000,850
6.17Maalimin Primary School	-	2,026,000	-	2,026,000	1,998,150	27,850
6.18 Denka Primary School	1,000,000	850	-	1,000,850		1,000,850
6.19Geylab Primary School	-	-	2,000,000	2,000,000	1,999,150	850
6.20Hagare Primary School	2,500,000	1,000	600,000	3,101,000	599,150	2,501,850
6.21Barkuke Primary School	1,250,000	607,794	-	1,857,794	600,000	1,257,794
6.22Languyato Primary School	1,000,000	1,000	-	1,001,000		1,001,000
6.23 Skanska Primary School	-	68,878	-	68,878		68,878
6.24Janju Primary School	-	10,000	-	10,000		10,000
6.25Togdub Primary School	-	50,000	-	50,000	-	50,000
6.26Afweine Primary School		1,000,000	-	1,000,000	999,575	425
6.27 Ahmed Tukale PriSchool		-	1,000,000	1,000,000	999,150	850
6.28Daarisalam Primary School	2,000,000	2,000,000	-	4,000,000	1,999,575	2,000,425

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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			
6.29Dalehe Primary School		-	600,000	600,000	597,150	2,850
6.30 Elan Primary School		28,850	1,000,000	1,028,850	998,672	30,178
6.31Garafura Primary School		2,000,000	-	2,000,000	1,997,575	2,425
6.32Geylab Primary School		100,000	-	100,000		100,000
6.33Gutale Primary School		2,000,000	-	2,000,000	1,999,187	813
6.34Jilango Primary School		2,000,000	-	2,000,000	1,999,150	850
6.35Kiwanja Primary School		600,000	-	600,000	600,000	-
6.36 Labile Primary School		-	600,000	600,000	599,563	437
6.37Lafagari Primary School		-	1,000,000	1,000,000	998,150	1,850
6.38Lehely Primary School		2,000,000	-	2,000,000	1,999,209	791
6.39Lolol Primary School	1,000,000	2,000,000	-	3,000,000	1,999,575	1,000,425
6.40 Makkah Primary School	1,000,000	-	2,000,000	3,000,000	1,999,187	1,000,813
6.41 Mowlid Primary School	1,000,000	2,000,000	-	3,000,000	1,998,150	1,001,850
6.42Tugere Primary School		-	2,000,000	2,000,000	1,997,575	2,425
6.43Skanksa Primary School	1,500,000	-	1,000,000	2,500,000	998,675	1,501,325
6.44 Saad Primary School	3,500,000			3,500,000		3,500,000
6.45Sheleti Primary School	2,500,000			2,500,000		2,500,000
6.46Hagarjarer Primary Sch	1,500,000			1,500,000		1,500,000
6.47Kathilash Pri School	3,000,000			3,000,000		3,000,000
6.48 Haji Diriye Pri Sch	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			
6.49Qone Primary School	2,500,000			2,500,000		2,500,000
6.50 Hagar Primary School	2,500,000			2,500,000		2,500,000
6.51 Guyo Bombi Pri School	2,500,000			2,500,000		2,500,000
6.52Surdre Pri School	3,000,000			3,000,000		3,000,000
6.53 Madina 2 Pri School	3,000,000			3,000,000		3,000,000
6.54Gosmo Pri & Junior	1,250,000			1,250,000		1,250,000
6.55 Bulla Mathenge Pri	2,500,000			2,500,000		2,500,000
6.56Gurufa Pri School	1,500,000			1,500,000		1,500,000
6.57 Baraki Pri & Junior	1,250,000			1,250,000		1,250,000
6.58 Shanta Abaq Pri School PMC		30,000		30,000		30,000
6.59Benane Primary School	-	-	2,383,166	2,383,166	2,381,299	1,867
Sub-total	64,500,000	18,808,852	18,283,166	101,592,018	36,721,567	64,870,451
7.0 Secondary Schools Projects (List all the Projects)						
7.1Benane Secondary School	-	68,207	4,000,000	4,068,207	4,069,982	(1,775)
7.2Afweine Secondary School	-	2,002,850	500,000	2,502,850	2,498,725	4,125
7.3Modogashe Girls Sec School	2,500,000	850	3,000,000	5,500,850	4,497,300	1,003,550
7.4Modogashe Secondary School	-	323,595	2,000,000	2,323,595	2,324,175	(580)
7.5 Shanta Abaq Sec Sch	1,500,000	-	150,000	1,650,000		1,650,000
7.6 Modogashe Girls Sec School	-	-	1,500,000	1,500,000		1,500,000

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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			
7.7 Modogashe Girls Sec School		3,100	-	3,100		3,100
7.8 Modogashe Secondary School		-	172,598	172,598		172,598
Sub-total	4,000,000	2,398,602	11,322,598	17,721,200	13,390,182	4,331,018
8.0 Tertiary institutions Projects (List all the Projects)						
8.1 Lagdera Sub-County Education Office		2,000,000	-	2,000,000	1,999,575	425
8.2 Lagdera Technical & Vocational		680	-	680	575	105
8.3						
Sub-total	-	2,000,680	-	2,000,680	2,000,150	530
9.0 Security Projects						
9.1 Benane Police Station	600,000.00	-	-	600,000.00		600,000.00
9.2 Benane Police Station	1,000,000.00	-	-	1,000,000.00		1,000,000.00
9.3 Gurufa Police Station	-	850.00	-	850.00		850.00
9.4 Gurufa Chiefs Office		850.00		850.00		850.00
9.5 Shantaabaq Chiefs Office	-	2,000.00	-	2,000.00		2,000.00
9.6 Benane Chiefs Office	-	800.00	-	800.00		800.00
9.7 Modogashe Police Station	-	2,433,000.00	1,200,000.00	3,633,000.00	3,600,000.00	33,000.00
9.8 Barkuke Chief's Office	-	40,000.00	-	40,000.00	-	40,000.00
9.9 Benane ASSISTANT County Commissioners Office	3,000,000.00	-	-	3,000,000.00	-	3,000,000.00

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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			
9.10 Benane ASSISTANT County Commissioners Office	600,000.00	-	-	600,000.00	-	600,000.00
9.11 Benane Deputy County Commissioners Residence	-	-	3,500,000.00	3,500,000.00	3,498,150.00	1,850.00
9.12 Benane Deputy County Commissioners Office			4,000,000.00	4,000,000.00	4,000,000.00	-
9.13 Lagdera Deputy County Commissioners Residence		1,000,000.00	-	1,000,000.00	982,600.00	17,400.00
9.14 Maalimin Assistant County Commissioners Residence	3,000,000.00	1,500,000.00	2,500,000.00	7,000,000.00	3,999,150.00	3,000,850.00
9.15 Maalimin Assistant County Commissioners Office		-	-	-		-
9.16 Eldere Acc Office	3,600,000.00	-	6,000,000.00	9,600,000.00	5,999,725.00	3,600,275.00
9.17 Eldere Acc Residence	-	-	-	-	-	-
9.18 Eldere Chiefs Office	1,500,000.00	-	-	1,500,000.00	-	1,500,000.00
9.19 Kambi Samaki Chiefs Office		32,000.00		32,000.00		32,000.00
9.20 Maalimin Chiefs Office			1,000,000.00	1,000,000.00		1,000,000.00
9.21 Shanta Abaq Deputy County Commissioners Residence		5,000,000.00	-	5,000,000.00	4,999,200.00	800.00
Sub-total	13,300,000	10,009,500	18,200,000	41,509,500	27,078,825	14,430,675
10.0 Acquisition of assets						
10.1 Lagdera NG-CDF Office (Installation of Solar System)		2,000,000	-	2,000,000	2,000,000	-
10.2 Construction of CDF office	2,467,260			2,467,260		2,467,260

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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
10.3 Purchase of furniture and equipment						
10.4 Purchase of computers						
10.5 Purchase of land						
Sub-total	2,467,260	2,000,000	-	4,467,260	2,000,000	2,467,260
11.0 Digital Hubs						
(Itemize as per the code list)						
Sub total						
12.0 Others						
12.3 LagderaKadhis Court			1,500,000	1,500,000	1,499,500	500
12.4 Lagdera NG-CDF Office		-	-	-	-	-
Sub-total	-	-	1,500,000	1,500,000	1,499,500	500
13.0 Funds pending approval**						
13.1 Unapproved projects						
13.2 AIA						
13.3						
Sub-total						
Total	188,414,052	63,019,370	55,321,484	306,754,906	169,633,521	137,121,385

(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 Lagdera Constituency principal activity is to provide leadership and policy direction for effective and efficient management of the Fund.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS 33) the NGCDF Lagdera has recognised all financial assets including cash and cash equivalents held in the operational accounts, Deposit Account and PMC Bank accounts; Receivables (amount due from the board and other parties) prepayments, property plant and equipment (PPE) and intangible assets acquired during the financial year 2023/2024 upto the reporting date.

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

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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 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

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

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

	<p>transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>This IPAS is applicable effective 1st July 2026</p>
<p>IPSAS 48: Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>This IPSAS is not applicable at the constituency.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>This IPSAS is not applicable at the constituency.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p>Applicable 1st January 2027</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"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

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	This IPSAS is not applicable at the constituency.
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iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

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

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

c) Property, plant and equipment

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

d) Leases

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

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

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Financial instruments

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

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at 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.

b) 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.

6. Transfers from the NGCDF Board

Description	2024-2025 Kshs
NGCDFB Transfers (Allocation for the FY)	188,414,052
Total	188,414,052

7. Employees cost

	2024-2025 Kshs
NGCDFC Basic staff salaries	3,030,151
Personal allowances paid as part of salary	-
House Allowance	591,000
Transport Allowance	-
Leave allowance	-
Gratuity to contractual employees	976,397
Employer Contributions Compulsory national social security schemes	217,313
Employer Contributions Compulsory Housing levy	54,347
Employer contributions to National Industrial Training Authority	-
Other Specify	-
Total	4,869,207

8. Committee Expenses

	2024-2025 Kshs
Sitting allowance	1,196,000
Other Committee expenses	6,160,740
Total	7,356,740

9. Use of Goods and services

	2024-2025
	Kshs
Utilities, supplies and services	102,570
Communication, supplies and services	197,236
Domestic travel and subsistence	1,462,625
Printing, advertising and information supplies & services	606,280
Office Rent	600,000
Training expenses	1,743,960
Hospitality supplies and services	865,235
Insurance costs	-
Specialized materials and services	-
Office and general supplies and services	341,220
Fuel, oil & lubricants	-
Bank charges	66,101
Routine maintenance – vehicles and other transport equipment	-
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	-
Total	5,985,227

10. Other Government Units Actual expenditure

Description	2024-2025
	Kshs
Primary Schools Actual expenditure	36,721,567
Secondary Schools Actual expenditure	13,390,182
Tertiary Institutions Actual expenditure	2,000,150
Total	52,111,899

11. Other Grants and transfers Actual expenditure

	2024-2025
	Kshs
Bursary – secondary schools	24,718,000
Bursary – tertiary institutions	31,673,815
Bursary – special schools	-
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	27,078,825
Climate change mitigation projects	1,472,999
Emergency projects Actual expenditure	11,788,155
Roads projects Actual expenditure	-
Others specify (Kadhi's Court – Installation of Solar System)	1,499,500
Total	98,231,294

12. Depreciation and Amortization Expenses

Description	2024-2025
	Kshs
Property Plant and Equipment	250,000
Intangible Assets	-
Total	250,000

13. Digital Hubs Expenses

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

14. Cash and Cash Equivalents

Name Of Bank and Account No.	2024-2025	Opening Statement 1 July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
Equity Bank, 0580283860216. (Operations account)	72,780,643	54,657,352.32
Operations account pending closure (First Community Bank & 0009576701.)	-	5,399,146.10
Equity Bank, 0580285960372. (Deposit account)	1,942,721	-
Equity Bank, account No. (PMC's account)	3,983,969	2,962,872.00
Total	78,707,333	63,019,370
Cash Balances		
Location 1	-	-
Location 2	-	-
Other Locations (Specify)	-	-
Total	-	-
[Cash Count Certificates for Each is attached]		

(schedule of all reconciled PMC bank balances as at the end of the period attached)

15. Receivables from Non-Exchange Transactions

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	58,414,053		55,321,485	
Outstanding imprest	-		-	
Total	58,414,053		55,321,485	
Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	58,414,053	100%	55,321,485	100%
Between 1-2 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	58,414,053	100%	55,321,485	100%

16. Prepayments

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Prepaid Rent	-		-	
Prepaid Insurance	-		-	
Prepaid Electricity Costs	-		-	
Other Prepayments (Postal Rental Box)	18,900		-	
Total	18,900		-	

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17. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (Solar System)	Capital Work in progress	Total
Depreciation Rate(specify)		10%	25%	12.5%	30%	12.5%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 2024	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	2,000,000	-	2,000,000
Disposals	(-)	(-)	-	-	-	-	(-)	(-)
Transfer/Adjustments	(-)	(-)	-	-	(-)	-	-	(-)
As At 30th June 2025	-	-	-	-	-	2,000,000	-	2,000,000
Depreciation And Impairment								
Opening Depreciation		-	-	-	-	-		-
Depreciation	-	(-)	(-)	(-)	(-)	(250,000)	-	(250,000)
Disposals	-	-	-	-	-	-	-	-
Impairment	-	(-)	(-)	-	-	-	-	(-)
Transfer/Adjustment	-	-	(-)	(-)	-	(-)	(-)	-
As At 30th June 2025		-	-	-	-	250,000	-	250,000
Net Book Values								
Opening Bal as at 1st July 2024	-	-	-	-	-	-	-	-
As At 30th June 2025	-	-	-	-	-	1,750,000	-	1,750,000

Valuation

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

17 b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	2,000,000	250,000	1,750,000
Total	2,000,000	250,000	1,750,000

18. Gratuity Provision

Description	2024-2025
	Kshs
Gratuity at the beginning of the year 1 st of July, 2024	1,002,975
Gratuity held during the year	939,746
Gratuity paid during the year	(-)
Total Gratuity Provision 30th June, 2025 (A+B-C)	1,942,721

19. Cash Generated from Operations

	2024-2025
	Kshs
Surplus/Deficit for the year	19,609,685
Adjusted for:	
Depreciation	250,000
Impairment	-
Gains and losses on disposal of assets	(-)
Working capital adjustments	
Increase/decrease in receivables	(3,092,568)
Increase/decrease in prepayments	(18,900)
Increase/decrease in payables	-
Increase/decrease in gratuity provision	939,746
Net cash flow from operating activities	17,687,963

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

20. Financial Risk Management

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

i) Credit risk

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

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June,2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	58,414,053	58,414,053	-	-
Bank balances	78,707,333	78,707,333	-	-
Total	137,121,386	137,121,386	-	-
As at 30 June, 2024				

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Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	55,321,485	55,321,485	-	-
Bank balances	63,019,370	63,019,370	-	-
Total	118,340,855	118,340,855	-	-

Financial Risk Management

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

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	-	-	-	-
Current proportion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	1,942,721.00	1,942,721.00
Total	-	-	1,942,721.00	1,942,721.00

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	1,002,975.00	1,002,975.00
Total	-	-	1,002,975.00	1,002,975.00

iii) Market risk

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

a) Foreign currency risk

The Entity has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Financial Risk Management

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

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

b) Interest rate risk

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

Management of interest rate risk

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

iv) Capital Risk Management

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

Description	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Revaluation Reserve	117,337,880	117,337,880
Retained Earnings	19,609,685	-
Capital Reserve	-	-
Total Funds	136,947,565	117,337,880
Total Borrowings	-	-
Less: Cash and Bank Balances	78,707,333	57,620,224
Net Debt/(Excess Cash And Cash Equivalents)	58,240,232	59,717,656
Gearing	0%	0%

21. Related Party Disclosures

	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	7,356,740	-
Total	7,356,740	-
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	185,321,484	-
Total	185,321,484	-

22. Events after the Reporting Period

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

23. Ultimate And Holding Entity

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

24. Currency

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

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**18. Annexes
Annex 1: Summary of Asset Register**

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land	-	-	-	-
Buildings and structures	20,523,300	-	-	20,523,300
Transport equipment	-	-	-	-
Office equipment, furniture, and fittings	4,802,842	-	-	4,802,842
ICT Equipment and Other ICT Assets	2,258,000	-	-	2,258,000
Other Machinery and Equipment	42,000	-	-	42,000
Intangible assets	-	-	-	-
Solar System	-	2,000,000	-	2,000,00
Total	27,626,142	2,000,000	-	29,626,142

(Attached a 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 30th June 2025

Pmc	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Hagare Primary School Pmc	Equity Bank	0580284587634	1,850	1,000
Maalimin Primary School Pmc	Equity Bank	0580284068835	27,850	26,000
Afweine Primary School Pmc	Equity Bank	0580285458554	425	1,000,000
Kambi Samaki Primary School Pmc	Equity Bank	0580285476651	-	237,700
Modogashe Boarding Pri Sch Pmc	Equity Bank	0580284480379	12,160	40,160
Bullo Primary School Pmc	Equity Bank	0580284509696	560	560
Denka Primary School Pmc	Equity Bank	0580284509710	850	850
Modogashe Girls Sec Pmc	Equity Bank	0580284653683	3,550	850
Goreale Pri Sch Pmc	Equity Bank	0580284489159	860	860
Bulla Sheikh Pri Sch Pmc	Equity Bank	0580284489218	850	850
Lagdera Tech & Voc	Equity Bank	0580284565064	105	680
Sheikh Hajir Pri Sch Pmc	Equity Bank	0580284561452	1,000	1,000
Medina Pri Sch Pmc	Equity Bank	0580284565011	3,285	860
Languyato Primary School Pmc	Equity Bank	0580284509726	1,000	1,000
Sarta Primary School Pmc	Equity Bank	0580284583431	800	800
Hadun Primary School Pmc	Equity Bank	0580284583514	500	500
Dihle Nur Primary School Pmc	Equity Bank	0580284544347	1,050	1,050

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Pmc	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Dadfarow Primary School Pmc	Equity Bank	0580285076798	1,000	1,000
Afweine Secondary School Pmc	Equity Bank	0580284555905	4,125	2,850
Benane Secondary School Pmc	Equity Bank	0580284587601	-	68,207
Modogashe Secondary School Pmc	Equity Bank	0580284485047	-	71,595
Maalimin Acc Pmc	Equity Bank	0580284492744	850	1,500,000
Gurufa Police Station Pmc	Equity Bank	0580284492836	850	850
Gurufa Chiefs Office Pmc	Equity Bank	0580284497255	850	850
Shantaabaq Chiefs Office Pmc	Equity Bank	0580284509716	2,000	2,000
Benane Chiefs Office Pmc	Equity Bank	0580284569742	800	800
Ahmed Tukale Pry School Pmc	Equity Bank	0580285718231	850	
Benane Pry And Junoior Sec School Pmc	Equity Bank	0580286006290	1,867	
Libile Pry School Pmc	Equity Bank	0580285904952	3,912	
Jilango Pry School	Equity Bank	0580285721967	850	
Geylab Pry School Pmc	Equity Bank	0580285721982	850	
Tinas Primary School Pmc	Equity Bank	0580284492860	1,604,226	
Gorafura Pry School Pmc	Equity Bank	0580286006189	2,425	
Dalahahe Pry School Pmc	Equity Bank	058028590690	2,850	
Tugere Pry School Pmc	Equity Bank	0580286006074	2,425	
Leheley Pry School Pmc	Equity Bank	0580285882157	791	

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Pmc	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Elan Pry School Pmc	Equity Bank	0580284068866	1,328	
Makkah Pry School Pmc	Equity Bank	0580285904938	813	
Gutale Pry School Pmc	Equity Bank	0580285718223	813	
Lafagari Pry School Pmc	Equity Bank	0580285721978	1,850	
Darasalam Pry School Pmc	Equity Bank	0580285767372	425	
Lolol Pry School Pmc	Equity Bank	0580285766182	425	
Mowlid Pry School Pmc	Equity Bank	0580286083480	1,850	
Togdub Primary Sch Pmc	Equity Bank	0580285904945	50,000	
Skanska Pry School	Equity Bank	0580285718228	1,325	
Lagdera Sub-County Education Office Pmc	Equity Bank	0580285549070	425	
Eldere Acc Pmc	Equity Bank	0580285882146	275	
Benane Dcc Pmc	Equity Bank	0580285882132	3,350	
Lagdera Dcc Residence	Equity Bank	0580285623637	17,400	
Shataaba Acc	Equity Bank	0580285504100	800	
Barkuke Pry School Pmc	Equity Bank	0580284071261	2,216,529	
Lagdera Khadis Office Pmc	Equity Bank	0580285852351	500	
Total			3,983,969	2,962,872

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Annex 3: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Failure to open deposit holding account	The fund did not open a deposit holding account as required by section 7(1)(A) of the NGCDF(Amendment) Act 2022 which provides that each constituency shall open one(1) deposit account for holding third party monies which shall be designated and such an account shall be known by the name of the constituency for which it is opened. In the circumstances, the management was in breach of law	Not resolved	In consultation with the Auditor while awaiting appearance before DFAC
	Lack of ownership documents and disclosure of assets	Annex 4 of the financial statements reflects summary of fixed assets	Not resolved	In consultation with the Auditor while awaiting appearance before DFAC

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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>register with historical cost balance of Kshs. 27,626,142 as at 30 June 2024. Although the management maintained a fixed asset register, the register did not contain all information required including identification or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value and asset tag identification codes. Further the fixed assets register reflected an accumulated balance of Kshs.11,516,424 compared to Kshs. 27,626,142 disclosed Annex 4 of the financial statements creating unexplained and un-reconciled difference of</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)
		Kshs.16,109,718. in addition, ownership documents for land owned by the fund were not provided. In the circumstances, the ownership status of the fixed assets and existence of effective internal controls on fixed assets could not be confirmed.		

FUND ACCOUNT MANAGER
LAGDERA CONSTITUENCY
P.O. BOX 659-70100 GARISS.



Name: Yussuf Kilas Aden
Fund Account Manager.