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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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REPORT

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Hon. George Murugora

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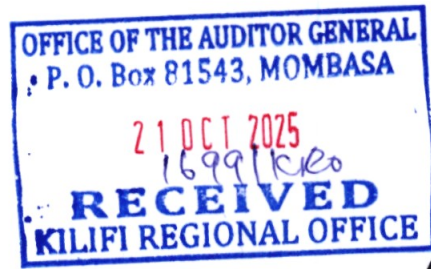
THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – LAMU EAST
CONSTITUENCY

FOR THE YEAR ENDED

30 JUNE, 2025



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

LAMU EAST 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)

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

AIE	Authority to Incur Expenditure
AC	Audit Committee
DCC	Deputy County Commissioner
IPSAS	International Public Sector Accounting Standards.
FAM	Fund Account Manager
NG-CDFB	National Government Constituencies Development Fund Board
NG-CDF	National Government Constituencies Development Fund
NG-CDFC	National Government Constituency Development Fund Committee
NSCA	National Sub-County Accountant
PFM	Public Finance Management
PMCs	Project Management Committees
PWD	Persons with Disability
FY	Financial Year
JSS	Junior Secondary School
LEC	Lamu East Constituency
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 Lamu East 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	Mr. Javan Mwandawiro
2.	National Sub-County Accountant	Mr. Dickson Dada
3.	Chairman NGCDFC	Mr. Bwanadi Shee
4.	Secretary NG CDFC	Ms. Esha Mwalim

(c) Fiduciary Oversight Arrangements

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

P.O. Box 262-80500

NG-CDF Building Adjacent to Deputy County Commissioner Office, Off Kizingitini-Mtangawanda Road

Lamu- KENYA.

(e) NGCDF Lamu East Constituency Contacts

P.O. Box 262-80500

Telephone: (254) 0116181956

E-mail: cdflamueast@ngcdf.go.ke

Website: www.ngcdf.go.ke

(f) NGCDF Lamu East Constituency Bankers

1. Equity Bank Kenya Limited (Operations Bank Account)

Account Number: 1590261644233

P.O. Box 60-80500

Lamu Branch

Lamu- Kenya

2. Equity Bank Kenya Limited (Deposit Bank Account)

Account Number: 1590285382602

P.O. Box 60-80500

Lamu Branch

Lamu- Kenya

3. PMC Bank Accounts

Equity Bank Kenya Limited (PMC Bank Account)

Account Number: Various

P.O. Box 60-80500

Lamu Branch- Kenya

(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




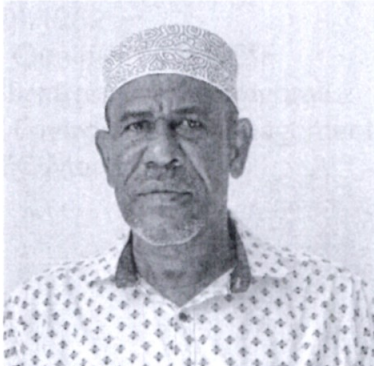
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

National Government Constituencies Development Fund (NGCDF)
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3. NG- CDF Committee

	Name	Details
1	<p>Mr Shee Bwanadi Mohamed</p> 	<p><u>Male Youth Representative</u> Date of Birth: 06/06/1980 Highest Academic Qualification: KCSE Professional Qualification: Businessman Work Experience: Social Worker Position: NG- CDFC Chairman</p>
2	<p>Ms. Mwalimu Esha Ali</p> 	<p><u>Female Youth Representative</u> Date of Birth: 10/02/1992 Highest Academic Qualification: KCSE Professional Qualification: Business lady Work Experience: Community Health Worker Position: NG- CDFC Secretary</p>
3	<p>Mr. Maalim Omar Mbwarahaji</p> 	<p><u>PWDs Representative</u> Date of Birth: 01/01/1983 Highest Academic Qualification: KCSE Professional Qualification: Fisherman Work Experience: Sailor Position: NG- CDFC Member</p>
4	<p>Ms. Issa Fatuma Jiromo</p> 	<p><u>Female Adult Representative</u> Date of Birth: 06/04/1997 Highest Academic Qualification: KCSE Professional Qualification: Business Lady Work Experience: Farmer Position: NG- CDFC Member</p>

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5	<p>Ms. Haji Jamila Ali</p> 	<p><u>Female Adult Representative</u> Date of Birth: 27/04/1958 Highest Academic Qualification: KCSE Professional Qualification: Teacher (Retired) Work Experience: Special Education Position: NG- CDFC Member</p>
6	<p>Mr. Bakari Abuu Athman</p> 	<p><u>Male Adult Representative</u> Date of Birth: 01/01/1974 Highest Academic Qualification: KCSE Professional Qualification: Driver Work Experience: Taxi Driver Position: NG- CDFC Member</p>
7	<p>Mr. Famau Omar Mohamed</p> 	<p><u>Male Adult Representative</u> Date of Birth: 01/01/1963 Highest Academic Qualification: KCSE Professional Qualification: Boat Craftsman Work Experience: Businessman Position: NG- CDFC Member</p>
8	<p>Mr. Mohamed Sharif Mohamed</p> 	<p><u>Co-Opted Member</u> Date of Birth: 01/01/1962 Highest Academic Qualification: KCSE Professional Qualification: Environmentalist Work Experience: Environment Management Position: NG- CDFC Member</p>

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9	<p>Mr. Javan Mwandawiro</p> 	<p>EX-Officio Member Date of Birth: 16/05/1979 Highest Academic Qualification: Degree Professional Qualification: CPA-K Work Experience: Field Financial Services Position: Ex-Officio Member</p>
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OUTGOING NG-CDF COMMITTEE

	NAME	DETAILS	PERIOD SERVED
1	Shee Bwanadi Mohamed	Male Youth Representative	2 Years
2	Mwalimu Esha Ali	Female Youth Representative	2 Years
3	Maalim Omar Mbwarahaji	Male PWDs Representative	2 Years
4	Issa Fatuma Jiromo	Female Adult Representative	2 Years
5	Bakari Abuu Athman	Male Adult Representative	2 Years
6	Haji Jamila Ali	Female Adult Representative	2 Years
7	Famau Omar Mohamed	Male Adult Representative	2 Years
8	Mohamed Sharif Mohamed	Co - Opted Member	2 Years

4. NG-CDFC Chairman’s Report

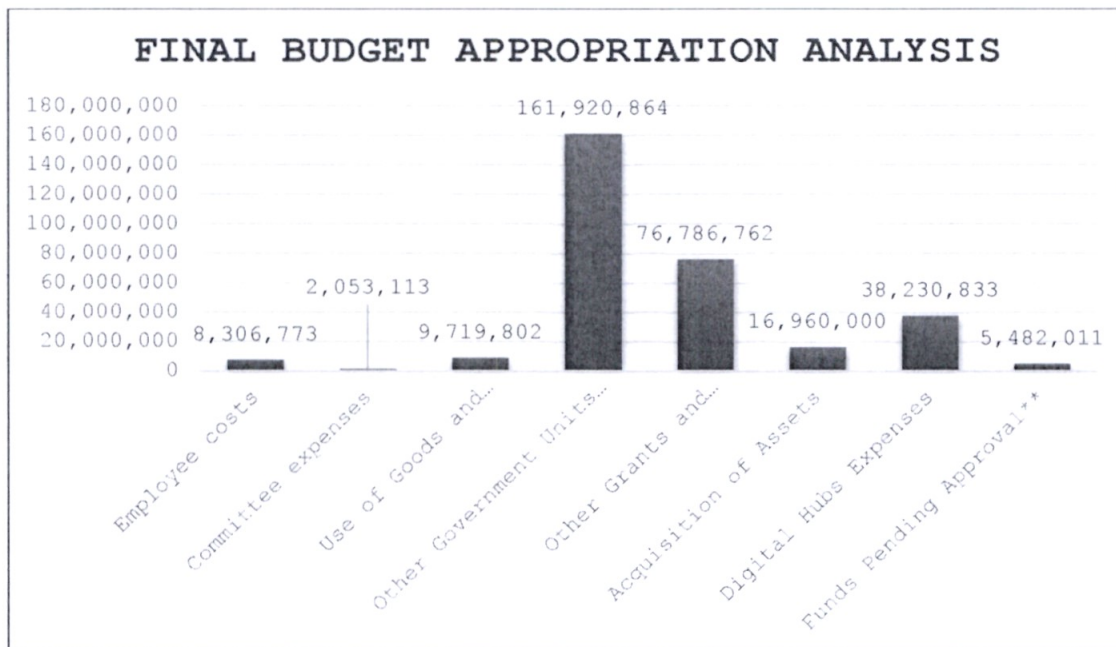
Mr. Bwanadi Shee Mohamed



I am delighted to present, on behalf of the Lamu East Constituency NG-CDF, the financial statement and reports for the period ending June 30, 2025. This report details the revenue and expenditures for the period just completed.

Lamu East Constituency is one of the two constituencies that make up Lamu County. The constituency has a land mass of 2,336.7 square kilometers, which includes the mainland and the islands, namely Patte, Ndau, and Kiwayuu.

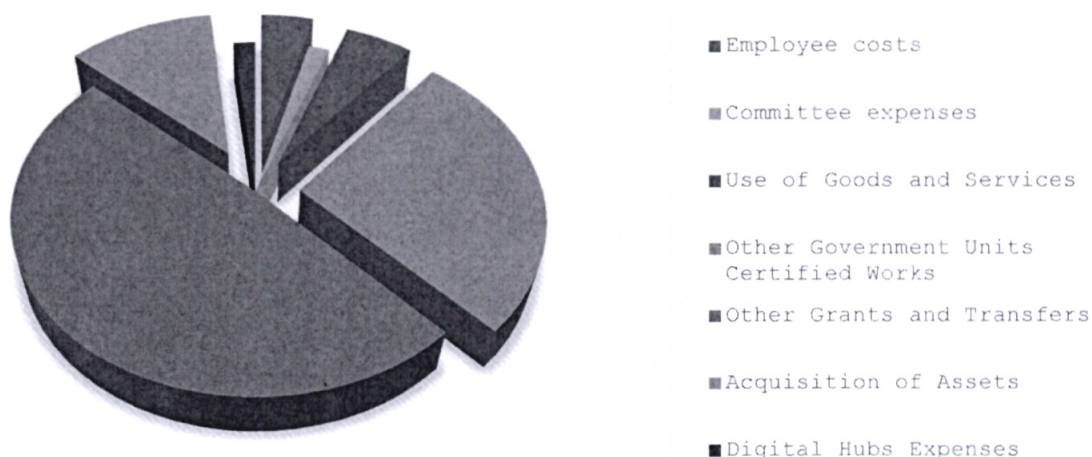
In the financial year 2024/2025, NG-CDF Lamu East Constituency was allocated Kshs. 161,497,760. However, a total of Kshs. 319,460,159 was available for spending during the financial year. The allocation comprised an opening balance of Kshs. 128,042,896, Kshs. 29,919,503 still owed from the Board, and the allocation for the period.



SUMMARY FINAL BUDGET FOR APPROPRIATION STATEMENT 2024/2025

Total actual expenditure for the period was Kshs. 127,268,977, translating to 40% of the final allocation. The unutilized funds of Kshs. 192,191,181 include a PMC balance of Kshs. 152,304,529. The slow utilization of the PMC funds resulted from delayed funding and the sluggishness in meeting some approval conditions by the PMC members. All the projects proposed by the committee for approval by the Board have been approved.

ACTUAL BUDGET ANALYSIS



ACTUAL UTILIZATION SUMMARY FOR 2024/2025

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.

PERENIAL ISSUES

Lamu East Constituency suffers from pre-independence challenges of;

- i) Diseases, illiteracy and poverty
- ii) Lack of roads on the islands and costly ocean logistics hampers free transport in the region
- iii) Insecurity caused by terrorists and pirates

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

EMERGING ISSUES

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

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



.....
Name: Mr. Bwanadi Mohamed Shee
Chairman NGCDF Committee

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

Introduction

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

NG-CDF Lamu East Constituency Vision Statement, "Equitable socio-economic development constituency wide".

NG-CDF Lamu East Constituency Mission Statement, "To provide leadership for effective and efficient management of the allocated funds and Implementation of approved development projects and initiatives in Lamu East Constituency"

NG-CDF Lamu East Constituency Core Values:

- 1) Integrity
- 2) Transparency
- 3) Accountability
- 4) Professionalism
- 5) Teamwork
- 6) Commitment to Inclusion and Diversity

The key development objectives of the *NGCDF Lamu East Constituency 2023-2027* plan are to:

The following are the strategic goals that will provide the strategic direction for the 2023-2027 LEC Strategic Plan:

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

To ensure the effective implementation and application of the development objectives across various sectors, each goal was defined to be Specific, Measurable, Achievable, Realistic, and Time-bound (SMART) and translated into clear development outcomes. We also established key indicators to monitor progress and evaluate performance. Below, we outline the progress made in reaching these objectives:

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	<ul style="list-style-type: none"> ○ Enhance school enrolment ○ Improve academic performance in national examination ○ Accessibility to school fees for bright and needy students ○ 100% transition to secondary and tertiary institutions 	<ul style="list-style-type: none"> ○ Increased enrolment in primary schools ○ improved transition to secondary schools and tertiary institutions ○ Improved bursary award and allocations ○ Reward good performance 	<ul style="list-style-type: none"> ○ Bursary/scholarships in Secondary schools, colleges, universities, technical and vocational institutions, and special needs ○ Increased Primary Schools, JSS and Senior Schools development infrastructure ○ Improved intake in university level 	<ul style="list-style-type: none"> ○ Through Bursary there was an increase in scholarship awards, teaching program, TVETs awards and Life Guard Trainees. ○ Enhanced learning environment by putting up 4 perimeter wall in 4 different schools. ○ Completed stalled laboratories to enable learners inculcate the practical experience in learning
Security	<ul style="list-style-type: none"> ○ Equipped security agents with 	<ul style="list-style-type: none"> ○ Heightened security within the 	<ul style="list-style-type: none"> ○ Number of police posts 	<ul style="list-style-type: none"> ○ Enhanced security by constructing

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	appropriate security infrastructure and resources for preservation of peace, prevention and detection of crime, and maintenance of law and order	constituenc y that guarantees safe working environmen t and peaceful co-existence of communitie s and improved service delivery to the citizens	constructed and furnished ○ Number of chiefs offices constructed and furnished	more police station as gazetted by the Government and reinforcing them with better facilities for better service delivery.
Climate Change Mitigation Activities	Enhance clean environment, conservation, Preservation and protection of biodiversity to mitigate impacts of climate change and emergency/disasters	Restoration of tree nurseries and forest Tree growing and nurturing Restoration from degradation and pollution	Number of tree seedlings planted, gabions constructed, water harvesting facilities initiated and pit-latrines constructed	Climate Change Mitigation activities were tree planting in line with the changes in the Act and the President initiative of planting 15 Billion tree seedlings by 2032. The committee through various PMCs will plant at least 2,000 seedlings in the financial year.
Emergency	To cater for unforeseen Occurrence in the constituency and their mitigating actions	Facilitate reduction of risks in learning institutions by making funds available to counter any emergency occurrence	Putting up emergency fund at all times and having quick response mechanism for countering any unexpected eventuality.	Working with other units and departments dealing with emergency response in the constituency to ensure quick identification and response.
Others (NG-CDF Office)	Enhancing healthy and conducive working environment	Capacity building, Equipping and having an enabling working environment	Renovating the Office, keeping a clean and sanitized environment and purchasing	○ Improved the working environment by putting up the cabro and planting trees

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		for staff and Committee.	of working equipment	<ul style="list-style-type: none"> ○ Water harvesting and gardening the compound ○ Recruitment of competent staff in all key offices
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6. Governance Statement

Appointment and removal of Constituency Committee members:

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

Regulation 5(2) creates a vacancy in the Office of Constituencies Committees, in the manner provided. Section 48(8) of the Act is succinct on the expiry of the term of the Committee. Further, Section 43(3) of the NG-CDF Act, 2015 as amended in 2023, the seven persons referred to in Sub-section (2) (b), (c), (d), (e), (f) and (g) shall be selected in the manner prescribed in the Regulations. Regulation 5 and 6 of the NG- CDF Act, 2025 as amended in 2023, provide for the eligibility criteria and procedures for nomination.

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

SCHEDULE OF NG- CDFC MEETINGS

NO	NAMES COMMITTEE MEMBERS	OF	CATEGORY	WARD	MEETINGS HELD	SUB- MEETINGS HELD
1	Shee Bwanadi Mohamed		Male Youth Representative	FAZA	14	-
2	Mwalimu Esha Ali		Female Youth Representative	FAZA	14	-

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NO	NAMES COMMITTEE MEMBERS	OF	CATEGORY	WARD	MEETINGS HELD	SUB- MEETINGS HELD
3	Maalim Omar Mbwarahaji		Male PWDs Representative	FAZA	14	2
4	Issa Fatuma Jiromo		Female Adult Representative	BASUBA	14	2
5	Bakari Abuu Athman		Male Adult Representative	FAZA	14	2
6	Haji Jamila Ali		Female Adult Representative	FAZA	14	-
7	Famau Omar Mohamed		Male Adult Representative	FAZA	14	2
8	Mohamed Sharif Mohamed		Co - Opted Member	KIUNGA	14	-

Convening of Constituency Meetings

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

After appointment of members of the NG- CDF Committee through publication in the Kenya Gazette, and within 120 days of the commencement of the thirteenth parliament, the Deputy County Commissioner (or in his/her absence) the Fund Account Manager shall convene the first meeting of the NG- CDF Committee, during which the members will elect the Chairperson and the Secretary. The Officer of the Board will then submit to the Board the names of the

elected Chairperson and Secretary, attaching a certified copy of form four certificate and the academic certificates for the highest level of education attained and the minutes of the NG-CDF Committee that approved the appointment. As the management of NG- CDF Lamu East Constituency we complied with the Act and its regulations.

Tenure of the Constituency Committee

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

Functions and Operations of the Constituency Committee

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

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

Management of Transition and Handing over

Pursuant to Section 43 (8) and (9) of the NG- CDF Act 2025 as amended in 2023, the tenure of the members of NG-CDFCs shall expire upon the appointment of a new Constituency Committee in the manner provided in the Act and Regulations, while the Officer of the Board shall remain the custodian of all the records and equipment of the Constituency. Therefore, the officer of the Board shall play an important role of ensuring the assets of the constituency are protected and preserved, and ensure smooth transition between the committees.

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

7. Management Discussion and Analysis

Establishment and Management of the Fund

Section 4 of the Act state 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.

NG- CDF Lamu East Constituency, pursuant to Section 34 of the Act, was allocated Kshs. 451,075,733 between FY 2022/2023 and 2024/2025:

FINANCIAL YEAR	ALLOCATION (KSHS)
2022/2023	130,042,462.00
2023/2024	159,535,512.00
2024/2025	161,497,759.00

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

SECTOR	ALLOCATION (KSHS)	PERCENTAGE ALLOCATION
Administration	27,026,876.54	6%
Monitoring and Evaluation	13,519,700.00	3%
Bursary	169,021,172.31	37%
Capital Grants to Primary Schools	88,279,204.57	19%
Capital Grants to Secondary Schools	72,017,947.00	16%
Capital Grants to Tertiary Institutions & Universities	10,000,000.00	2%

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Climate Change Mitigation Activities	4,370,000.00	1%
Sports	2,600,000.00	1%
Security	8,050,000.00	2%
Constituency Innovation and Digital Hubs	13,630,832.00	3%
NG- CDF Assets and Renovations	13,960,000.00	3%
Others (Huduma Centre and Strategic Plan)	28,600,000.00	6%

Bursary Sector

The committee over the last 3 years managed to allocate bursary to over 3,500 learners in every financial year. In addition, the committee achieved to train 100 learners through TVET scholarship, 52 teachers through scholarship, and Trained 253 learners on life guard among other awards. Further, the committee allocated Kshs. 25,000 to learners pursuing a degree program, Kshs. 20,000 to learners pursuing diploma and certificate courses. With respect to Secondary Schools, learners were allocated Kshs. 16,000 to boarders, Kshs. 8,000 to day scholars and Kshs. 7,000 to learners in school within the constituency.

Grants to Primary and Secondary Schools

Poor academic performance in the constituency is contributed by lack of proper school infrastructure, such as laboratories and laboratory apparatus, a shortage of dormitories in several schools, insufficient classrooms at the primary level, and unsecured school compounds that are invaded by domestic animals like donkeys, along with uncontrolled movements by outsiders.

As a committee, we are currently establishing boundary walls for every school where four schools have already benefited from the project. Moreover, the committee is finalizing a dormitory and laboratory for two secondary schools to allow students to take advantage of the amenities. The committee established a new school at Kiwayuu Island to facilitate educational access for students from Kiunga Ward.

Sanitary units has been a priority for the committee whereby 6 toilets are on-going. These will enhance public health and hygiene at the learning institutions.

Grants to Tertiary Institution

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

Security

The committee has ensured completion of a chief's office at Siyu and secured a land title deed for a proposed new Police Post at the area. In addition, the committee plans to equip chiefs with Laptops to enhance their service delivery.



Name: Mr. Javan Mwandawiro
Fund Account Manager

8. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

To ensure the sustainability of NG- CDF Lamu East Constituency, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** NG- CDF Lamu East 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, NG- CDF Lamu East Constituency 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 Lamu East Constituency has allocated part of its budget to climate change mitigation activities such as afforestation, re-afforestation, grassroots sensitization, and tree seedling production.

2. Environmental performance

Environmental protection is a core initiative of the Lamu East NG-CDF. We consider caring for the environment a fundamental responsibility and a crucial aspect of our operational approach. Our commitment to environmental stewardship is deeply integrated in our strategic plan.

As the committee, we are 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 fir tree planting at schools. In order to ensure sustainability and survival of the tree growing activity, the committee is constructing perimeter walls for all the schools.

3. Employee welfare

We invest in providing the best working environment for our employees. NG- CDF Lamu East 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. NG- CDF Lamu East 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-

NG- CDF Lamu East 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 honouring all contracts and settling payments promptly.

NG- CDF Lamu East Constituency 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-

NG- CDF Lamu East 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.

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

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

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

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

7. Public Awareness

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

NG- CDF Lamu East Constituency has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



.....
Name: Mr. Javan Mwandawiro
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- Lamu East 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- Lamu East Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Accounting Officer charge of the NG- CDF Lamu East 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.

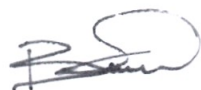
*National Government Constituencies Development Fund (NGCDF)
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The Accounting Officer in charge of the NG- CDF Lamu East Constituency confirms that the Constituency has complied fully with applicable Government Regulations and the terms of external financing 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 NG- CDF Lamu East Constituency financial statements were approved and signed by the Accounting Officer on 6th August, 2025.



.....
Name: Mr. Bwanadi Shee
Chairman – NGCDF Committee



.....
Name: Mr. Javan Mwandawiro
Fund Account Manager

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - LAMU EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund - Lamu East Constituency set out on pages 1 to 61, which comprise of the statement of financial position as at

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Lamu East Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33, as discussed in Note 2 to the financial statements and comply with the National Government Constituencies Development Fund Act, 2015 (Amended 2022) and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No. 3 of 14 April, 2025.

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects a cash and cash equivalents balance of Kshs.170,743,421 as disclosed in Note 19 to the financial statements. Included in the balance is Kshs.152,304,529 in respect of eighteen (18) Project Management Committee (PMC) bank account balances. However, the bank balances in seven (7) PMC bank accounts were not in agreement with the certificate of bank balances and the corresponding bank reconciliation statements were not provided for audit verification.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.170,743,421 could not be confirmed.

2. Inaccurate Revaluation Reserves and Accumulated Surplus Balances

The statement of financial position reflects revaluation reserves and accumulated surplus balances of Kshs.157,020,919 and Kshs.41,784,531 respectively. However, the statement of changes in net assets reflect revaluation reserves balance of Kshs.198,805,451 and Nil accumulated surplus balance. In addition, the reporting template provides for recognition of assets and liabilities under reserves and not revaluation reserves.

In the circumstances, the accuracy and completeness of revaluation reserves and accumulated surplus balances of Kshs.157,020,919 and Kshs.41,784,531 respectively could not be confirmed.

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

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis totalling to Kshs.319,460,159 and Kshs.298,012,398 respectively resulting to an under-funding totaling to Kshs.21,447,761 or 7% of the budget. Similarly, the Fund spent Kshs.127,268,977 against actual revenue of Kshs.298,012,398 resulting to an under-utilization of Kshs.170,743,421 or 57% of the actual revenue.

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

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, one (1) issue was raised under the Report on Financial Statements and Effectiveness of Internal Controls, Risk Management and Governance respectively. These include unsupported bursary payments and lack of ownership, valuation and existence of fixed assets. Review of the status during audit of the Fund in 2024/2025 revealed that the matters remained unresolved.

Other Information

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

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have

performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Operation of PMC Bank Accounts

The statement of financial position reflects cash and cash equivalents balance of Kshs.170,743,421 as disclosed in Note 19 to the financial statements. Included in this balance is PMC account balance of Kshs.152,304,529 held in eighteen (18) bank accounts. Review of records revealed that multiple projects were implemented by the same PMC using the same bank account simultaneously. This was contrary to Regulation 15 of the National Government Constituencies Development Fund Regulations, 2016 which provides that there shall be appointed a Project Management Committee for each project in a Constituency in accordance with section 36 of the Act which shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented; open and maintain an independent bank account for each project; and prepare returns and file them with a Constituency Committee on a timely basis

In the circumstances, Management was in breach of the law.

2. Failure to Deduct and Remit Capacity Building Levy

Review of the documents provided for audit revealed that the NGCDF - Lamu East Constituency Project Management Committees paid for certified works totalling to Ksh.77,462,400. However, the PMCs did not deduct and remit capacity building levy totalling to Kshs.23,237. This was contrary to Section 3 of the Public Procurement Capacity Building Levy Order, 2023 which states that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. Local purchase orders and local service orders shall be deemed to be contracts, as and when applied. In addition, the Public Procurement Regulatory Authority Circular referenced PPRA/6/5 Vol. II (224) dated 30th Aug, 2024 on implementation of the public procurement capacity building levy

order, 2023 directed that deduction and remittance of capacity building levy should commence on 1st Sept, 2024.

In the circumstances, Management was in breach of the law.

3. Inaccurate Fixed Assets Register

The statement of financial position reflects property, plant and equipment balance of Kshs.11,898,089 as disclosed in Note 23 to the financial statements. Review of the asset register revealed that it had not been updated to include a parcel of land on which the constituency office is located and whose deed of ownership was not provided for verification. This was contrary Section 72 (1) (a) (b) of the Public Finance Management Act, 2012 which states that the Accounting Officer for a National Government entity shall be responsible for the management of the entity's assets and liabilities and manage those assets in a way which ensures that the National Government entity achieves value for money in acquiring, using and disposing of those assets. Regulation 143 (1) of the Public Finance Management (National Government) Regulations, 2015, states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, Management was in breach of 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's, ability to 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.

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an

effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


28 November, 2025

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


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

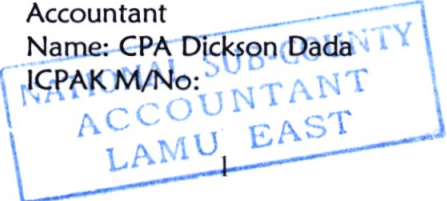
	Note	2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	161,497,760
Transfers from domestic and foreign partners	7	-
Revenue from exchange transactions		
Finance income	8	-
Miscellaneous income	9	-
Total revenue		161,497,760
Expenses		
Employee costs	10	6,161,919
Committee expenses	11	1,981,631
Use of Goods and Services	12	6,818,612
Other Government Units Actual expenditure	13	37,018,695
Other Grants and Transfers Actual expenditure	14	62,724,249
Depreciation and amortization expense	15	2,856,266
Digital Hubs Expenses Actual expenditure	16	2,151,857
Total expenses		119,713,228
Other gains/(losses)		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
Surplus/(Deficit) for the year		41,784,531

The Constituency financial statements were approved by the NGCDFC on 6th August, 2025 and signed by:



Chairman NG- CDF Committee
Name: Mr Bwanadi Shee



National Sub-County
Accountant
Name: CPA Dickson Dada
ICPAK M/No:




Fund Account Manager
Name: Mr. Javan Mwandawiro


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




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

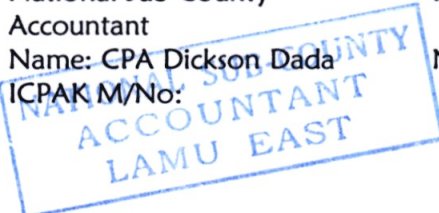

	Note	2024-2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	19	170,743,421	128,042,896
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	21,447,760	29,919,503
Prepayments	22	-	-
Total Current Assets		192,191,181	157,962,399
Non-Current Assets			
Property, Plant and Equipment	23	11,898,089	-
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
Total Non- Current Assets		11,898,089	-
Total Assets (A)		204,089,269	157,962,398
Liabilities			
Current Liabilities			
Trade and Other Payables	26	-	-
Third Party Deposits	27	3,381,002	-
Lease Liabilities	28	-	-
Gratuity Provision	29	1,902,817	941,479
Total Current Liabilities		5,283,819	941,479
Non-Current Liabilities			
Lease Liabilities	28	-	-
Total Liabilities (B)		5,283,819	941,479
Net Assets (A-B)		198,805,450	157,020,919

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

Represented by:			
Revaluation Reserves		157,020,919	157,020,919
Accumulated Surplus		41,784,531	
Total Net Assets		198,805,450	157,020,919

The Constituency financial statements set out on pages 1 to 15 approved by NG- CDFC on 6th August, 2025 and signed by:

		
_____ Chairman NG-CDF Committee	_____ National Sub-County Accountant	_____ Fund Account Manager
Name: Mr. Bwanadi Shee	Name: CPA Dickson Dada ICPAK M/No:	Name: Mr. Javan Mwandawiro

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

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
Fund Balance as at 30 th June 2024	94,975,527	-	94,975,527
Adjustments			
Recognition of Assets	62,045,392	-	62,045,392
Recognition of Liabilities		-	-
As at July 1, 2024	157,020,919		157,020,919
Surplus/(Deficit) For the Period	41,784,531	-	41,784,531
Revaluation Gain/Loss	-	-	-
As at June 30, 2025	198,805,451	-	198,805,451

Note:

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

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

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

	Notes	2024-2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		169,969,502
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
Total Receipts		169,969,502
Payments		
Employee costs		5,200,581
Committee expenses		1,981,631
Use of Goods and Services		6,818,612
Other Government Units Certified Works		34,191,826
Other Grants and Transfers		62,170,116
Digital Hubs Expenses		2,151,857
Total Payments		112,514,623
Net Cash Flows from/ (used in) Operating Activities	30	57,454,879
Cash flows From Investing Activities		
Purchase of PPE		14,754,354
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
Net Cash Flows from Investing Activities		14,754,354
Net increase/(decrease) in cash & Cash equivalents		42,700,525
Cash Flows from Financing Activities		
Lease Payment		-

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Net Cash Flows from Financing Activities		42,700,525
Cash and cash equivalents at 1 July	19	128,042,896
Cash and cash equivalents at 30 June	19	170,743,421

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024-2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024-2025	2024-2025		
Revenue							
Transfers From the NGCDF Board	161,497,760	128,042,896	29,919,503	319,460,159	298,012,398	21,447,761	93%
Transfers from domestic and foreign partners	-	-	-	-	-	-	0%
Finance income	-	-	-	-	-	-	0%
Miscellaneous income	-	-	-	-	-	-	0%
Totals	161,497,760	128,042,896	29,919,503	319,460,159	298,012,398	21,447,761	93%
Expenses							
Employee costs	4,599,552	3,707,221	-	8,306,773	5,200,581	3,106,192	63%
Committee expenses	2,000,000	53,113	-	2,053,113	1,981,631	71,482	97%
Use of Goods and Services	7,935,247	1,784,555	-	9,719,802	6,818,612	2,901,190	70%
Other Government Units Certified Works	69,754,082	68,485,270	23,681,512	161,920,864	34,191,826	127,729,038	21%

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	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	<i>2024-2025</i>	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	<i>2024-2025</i>	<i>2024-2025</i>		
Other Grants and Transfers	65,849,879	10,148,893	787,990	76,786,762	62,170,116	14,616,646	81%
Acquisition of Assets	-	16,960,000	-	16,960,000	14,754,354	2,205,646	87%
Digital Hubs Expenses	11,359,000	26,871,833	-	38,230,833	2,151,857	36,078,976	6%
Funds Pending Approval**	-	32,011	5,450,000	5,582,011	-	5,582,011	0%
Total Expenditure	161,497,760	128,042,896	29,919,502	319,460,158	127,268,977	192,191,181	40%
Surplus for the period							

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

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Explanatory Notes.

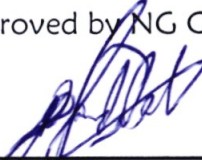
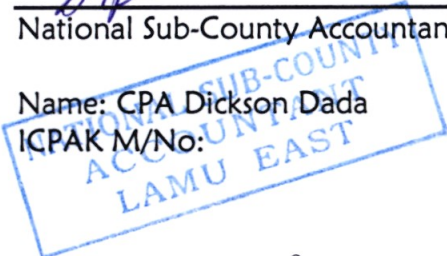
- 1) Employee costs: During budgeting process the committee had realized a saving with the employee cost brought forward from the FY 2023/2024 Of Kshs. 3,707,221
- 2) Use of Goods and Services: During budgeting process the committee had realized a saving with the vehicle maintenance and insurance cost brought forward from the FY 2023/2024 of Kshs. 1,762,458. In addition, motor vehicle insurance for the period under review of Kshs. 550,397 has not been utilised
- 3) Other Government Units Certified Works: In addition to delayed funding, the committee had several multiyear/Multiphase projects which did not have sufficient funding for implementation to commence.
- 4) Other Grants and Transfers; the committee has one security project which is pending approval from the Board.
- 5) Acquisition of Assets: The delayed in procurement of office asset is as result incomplete office renovation
- 6) Digital Hubs Expenses: Delayed disbursement from the Board hindered implementation/commence of the Digital Hubs.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	192,191,181
Less undisbursed funds receivable from the Board as at 30 th June 2025	21,447,761
Cash and Cash Equivalents at the end of the 30 th June 2025	170,743,420

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 6th August, 2025 and signed by:


Fund Account Manager
Name: Mr. Javan Mwandawiro




National Sub-County Accountant
Name: CPA Dickson Dada
ICPAK M/No:



Chairman NG-CDF Committee
Name: Mr. Bwanadi Shee

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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	4,599,552	3,707,221	-	8,306,773	5,200,581	3,106,192
1.2 Committee allowances	1,360,000	52,813	-	1,412,813	1,061,550	351,263
1.3 Use of goods and services	3,730,314	1,209,196	-	4,939,510	3,559,361	1,380,149
Sub-total	9,689,866	4,969,230	-	14,659,096	9,821,491	4,837,605
2.0 Monitoring and evaluation						
2.1 Capacity building	-	22,097	-	22,097	-	22,097
2.2 Committee allowances	640,000	300	-	640,300	560,081	80,219
2.3 Use of goods and services	4,204,933	553,262	-	4,758,195	3,619,251	1,138,944
Sub-total	4,844,933	575,659	-	5,420,592	4,179,332	1,241,260
3.0 Emergency						
Unutilized	8,499,879	4,926,838	-	13,426,717	-	13,426,717
Sub-total	8,499,879	4,926,838	-	13,426,717	-	13,426,717

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
4.0 Bursary and Social Security						
4.1 Primary Schools	-	-	-	-	-	-
4.2 Secondary Schools	28,000,000	17,012	-	28,017,012	27,991,664	25,348
4.3 Tertiary Institutions	28,000,000	5,043	-	28,005,043	28,005,043	-
4.4 Universities	-	-	-	-	-	-
4.5 Social Security	-	-	-	-	-	-
Sub-total	56,000,000	22,055	-	56,022,055	55,996,707	25,348
6.0 Climate Change Mitigation						
6.1 Patte Girls Secondary School	1,350,000	500,000	-	1,850,000	-	1,850,000
6.2 Tchundwa Primary School	-	400,000	300,000	700,000	-	700,000
6.3 Ndau Primary School	-	400,000	287,990	687,990	-	687,990
6.4 Mbwajumwali Primary School	-	500,000	200,000	700,000	-	700,000
6.5 Siyu Secondary School	-	400,000	-	400,000	-	400,000
6.6 Kizingitini Girls Secondary School	-	400,000	-	400,000	-	400,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursement's			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Sub-total	1,350,000	2,600,000	787,990	4,737,990	-	4,737,990
7.0 Primary Schools Projects						
7.1 Kiangwe Primary School	1,500,000	15,335,890	-	16,835,890	6,556,946	10,278,944
7.2 Mbwajumwali Primary School	7,919,133	-	6,950,925	14,870,058	-	14,870,058
7.3 Mbwajumwali Primary School	1,286,784	1,000,000	-	2,286,784	-	2,286,784
7.4 Ndau Primary School	14,970,502	-	2,356,766	17,327,268	-	17,327,268
7.5 Shanga Primary School	5,218,905	496,612	-	5,715,517	-	5,715,517
7.6 Tchundwa Primary School	8,584,527	-	6,696,651	15,281,178	-	15,281,178
7.7 Tchundwa Primary School	1,286,784	1,000,000	-	2,286,784	-	2,286,784
7.8 Kizingitini Girls Primary School	-	1,709,884	-	1,709,884	-	1,709,884
7.9 Kizingitini Boys Primary School	-	1,709,884	-	1,709,884	-	1,709,884
7.10 Tchundwa Primary School	-	2,000,000	-	2,000,000	1,225,118	774,882
Sub-total	40,766,635	23,252,270	16,004,342	80,023,247	7,782,064	72,241,183

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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
7.0 Secondary Schools Projects						
7.1 Captain Ruweida Boys Secondary School	1,300,000	19,500,000	-	20,800,000	6,656,784	14,143,216
7.2 Faza Secondary School	21,837,447		7,677,170	29,514,617	-	29,514,617
7.3 Pate Girls Secondary School	-	1,833,000	-	1,833,000	-	1,833,000
7.4 Pate Girls Secondary School	1,950,000	-	-	1,950,000	-	1,950,000
7.5 Pate Girls Secondary School	1,800,000	-	-	1,800,000	-	1,800,000
7.6 Pate Girls Secondary School	900,000	-	-	900,000	-	900,000
7.7 Sheikh Ahmad Msallam Secondary School	1,200,000	-	-	1,200,000	-	1,200,000
7.8 Sheikh Ahmad Msallam Secondary School	-	6,150,000	-	6,150,000	4,458,530	1,691,470
7.9 Kiunga Secondary School	-	7,750,000	-	7,750,000	7,697,776	52,224
Sub-total	28,987,447	35,233,000	7,677,170	71,897,617	18,813,090	53,084,527



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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
8.0 Tertiary institutions Projects (List all the Projects)						
8.1 Lamu East TVC	-	10,000,000		10,000,000	8,097,751	1,902,249
Sub-total	-	10,000,000	-	10,000,000	8,097,751	1,902,249
9.0 Security Projects						
9.1 Siyu Chiefs Office	-	1,000,000		1,000,000	901,295	98,705
9.2 Kizingitini Chiefs Office	-	1,000,000	-	1,000,000	-	1,000,000
9.3 Lamu East Chiefs Laptops	-	600,000		600,000	-	600,000
Sub-total	-	2,600,000	-	2,600,000	901,295	1,698,705
10.0 Acquisition of assets						
10.1 Motor Vehicles (including motorbikes)	-	819,000	-	819,000	819,000	-
10.2 Construction of CDF office	-	6,550,000		6,550,000	5,311,437	1,238,563
10.3 Purchase of furniture and equipment	-	2,405,000	-	2,405,000	1,002,838	1,402,162
10.4 Purchase of computers	-	-	-	-	-	-
10.5 Purchase of land	-	-	-	-	-	-

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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
10.6 Purchase of NGCDF Lamu East Speed Boat	-	7,186,000	-	7,186,000	7,120,000	66,000
Sub-total	-	16,960,000	-	16,960,000	14,253,275	2,706,725
11.0 Digital Hubs						
11.1 Innovation Hub-Lamu East TVC	-	2,271,832	-	2,271,832	2,151,857	119,975
11.2 Kiunga Ward Digital Hub-Kiunga ACC Office	9,600,000	-	-	9,600,000	-	9,600,000
11.3 Kiunga Ward Digital Hub-Kiunga ACC Office-Furniture	1,759,000	-	-	1,759,000	-	1,759,000
Sub-total	11,359,000	2,271,833	-	13,630,833	2,151,857	11,478,975
12.0 Others						
12.1 Lamu East Huduma Centre	-	24,600,001	-	24,600,001	5,272,114	19,327,887
Sub total	-	24,600,001	-	24,600,001	5,272,114	19,327,887
13.0 Funds pending approval**						
13.1 Unapproved projects	-	32,011	5,450,000	5,482,011	-	5,482,011
13.2 AIA	-	-	-	-	-	-

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Sub-total	-	32,011	5,450,000	5,482,011	-	5,482,011
Total	161,497,760	128,042,896	29,919,502	319,460,158	127,268,976	192,191,182

(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 Lamu East Constituency principal activity is to target grassroots development, funding Education, Security Institutions, Health facilities, Bursary and Community initiatives

2. Statement of Compliance and Basis of Preparation

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

The Financial Statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The NG-CDF Lamu East has taken advantage of the transitional provisions under IPSAS 33 and adopted a phased approach: Therefore this is the 1st transitional financial statements. (The NG-CDF Lamu East has recognised all financial Assets which includes cash and cash equivalent for operational account, deposit account and PMC balances, Receivables(owing from the Board and Others), Prepayments, PPE and intangible assets acquired in FY 2023/2024 to date of reporting. Liabilities recognised includes trade and other payables, third party deposits and gratuity provisions. Recognition of

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all other non-financial assets acquired in the FY prior to 2023/2024 to be recognised in the third year of transition after identification and valuations have been done.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the 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

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

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<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has 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><i>The IPSAS will be adopted effective 1st July 2025</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard 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><i>The IPSAS is not relevant this F/Y</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue</p>

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	<p>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><i>The IPSAS was not applicable this F/Y</i></p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>The IPSAS was not applicable this F/Y</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans 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><i>IPSAS not applicable at the Constituency</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></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. <p><i>IPSAS not applicable at the Constituency</i></p>

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized 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 5th March 2024 for the period 1st July 2024 to 30th June 2025 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

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

c) Property, plant and equipment

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

d) Leases

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

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

e) Intangible assets

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

f) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

g) Inventories

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

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

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

operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

h) Provisions

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

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

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

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

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) **Related parties**

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

o) **Cash and Cash Equivalents**

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

p) **Comparative figures**

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

q) **Subsequent events**

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

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

6. Transfers from the NGCDF Board

Description	<i>2024-2025</i>
	Kshs
NGCDFB Transfers (Allocation for the FY)	169,969,502
Total	169,969,502

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7. Transfers from domestic and foreign partners

Description	2024-2025
	Kshs
Grants	-
Total	-

8. Finance income

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

9. Miscellaneous income

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

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10. Employees cost

	<i>2024-2025</i>
	Kshs
NG-CDFC Basic staff salaries	3,425,260
Personal allowances paid as part of salary	-
House Allowance	416,851
Transport Allowance	522,000
Hardship Allowance	473,800
Leave allowance	26,000
Gratuity to contractual employees	961,338
Employer Contributions Compulsory national social security schemes	269,970
Employer Contributions Compulsory Housing levy	69,000
Employer contributions to National Industrial Training Authority	7,700
Other Specify	-
Total	6,161,919

11. Committee Expenses

	<i>2024-2025</i>
	Kshs
Sitting allowance	1,621,631
Other Committee expenses	360,000
Total	1,981,631

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12. Use of Goods and services

	<i>2024-2025</i>
	Kshs
Utilities, supplies and services	596,885
Communication, supplies and services	268,195
Domestic travel and subsistence	1,610,202
Printing, advertising and information supplies & services	98,901
Office Rent	-
Training expenses	1,399,559
Hospitality supplies and services	518,306
Insurance costs	-
Specialized materials and services	-
Office and general supplies and services	1,154,641
Fuel, oil & lubricants	521,959
Bank charges	11,730
Routine maintenance – vehicles and other transport equipment	613,234
Routine maintenance – other assets	25,000
Strategic plan expenses	-
Other operating expenses	-
Total	6,818,612

13. Other Government Units Actual expenditure

Description	<i>2024-2025</i>
	Kshs
Primary Schools Actual expenditure	8,495,638
Secondary Schools Actual expenditure	19,684,498
Tertiary Institutions Actual expenditure	8,838,559
Total	37,018,695

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14. Other Grants and transfers Actual expenditure

	<i>2024-2025</i>
	Kshs
Bursary – secondary schools	27,991,664
Bursary – tertiary institutions	28,005,043
Bursary – special schools	-
Bursary - Education Support programs	-
Social Security programs (SHIF)	-
Security projects Actual expenditure	973,719
Climate change mitigation projects	-
Emergency projects Actual expenditure	-
Roads projects Actual expenditure	-
Others (Lamu East Huduma Centre)	5,753,823
Total	62,724,249

15. Depreciation and Amortization Expenses

Description	<i>2024-2025</i>
	Kshs
Property Plant and Equipment	2,856,266
Intangible Assets	-
Total	2,856,266

16. Digital Hubs Expenses

Description	<i>2024-2025</i>
	Kshs
Construction/ renovation/ Actual expenditure	-
Digital Hub utility costs Water, Electricity,	-
Maintenance of ICT equipment	-
Maintenance of building	-
Others (<i>Equipping of the Digital Hub</i>)	2,151,857
Total	2,151,857

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17. Gain/loss on Sale of Assets

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

18. Impairment Loss

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

19. Cash and Cash Equivalentents

Name Of Bank and Account No.	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
Lamu East NG-CDF, Ac No; 1590261644233. (Operations account)	16,034,996	94,975,527
Operations account pending closure (Indicate name & account no.)	-	-
Lamu East NG-CDF Deposit Account, Ac No. 1590285382602. (Deposit account)	2,403,896	941,479
Name of Bank, account No. (PMC accounts)Various.	152,304,529	32,125,890
Total	170,743,421	128,042,896
Cash Balances		
Location 1	-	-
Location 2	-	-
Other Locations (Specify)	-	-
Total	-	-
<i>[Provide Cash Count Certificates for Each]</i>		

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

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20. Receivables from Exchange Transactions

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

i. Ageing Analysis for Receivables

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

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21. Receivables from Non-Exchange Transactions

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	21,447,760		29,919,502	
Outstanding imprest	-		-	
Total	21,447,760		29,919,502	
Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	-	0%	-	0%
Between 1-2 years	21,447,759	100%	29,919,502	100%
Over 3 years	-	0%	-	%
Total	21,447,759	100%	29,919,502	100%

22. Prepayments

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Prepaid Rent	-		-	
Prepaid Insurance	-		-	
Prepaid Electricity Costs	-		-	
Other Prepayments (<i>Specify</i>)	-		-	
Total	-		-	

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23. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation Rate(specify)		2%	25%	12.5%	30%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	-	-	-	-	-	-	-
Additions	-	-	7,939,000	60,500	942,338	-	5,812,516	14,754,354
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	7,939,000	60,500	942,338	-	5,812,516	14,754,354
Depreciation And Impairment								
Opening Depreciation		-	1,984,750	7,563	282,701	-	581,252	2,856,266
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At 30 th June 2025		-	1,984,750	7,563	282,701	-	581,252	2,856,266
Net Book Values								
Opening Bal as at 1 st July 2024	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	5,954,250	52,938	659,637	-	5,231,264	11,898,089

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Valuation

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

23 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	5,812,516	581,252	5,231,264
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	7,939,000	1,984,750	5,954,250
Computers And Related Equipment	942,338	282,701	659,637
Office Equipment, Furniture, And Fittings	60,500	7,563	52,938
Total	14,754,354	2,856,266	11,898,089

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

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

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24. Intangible Assets

Description	2024-2025
	Kshs
Cost	
Opening balance at 1 st July 2024	-
Additions	-
Disposal	-
At end of the 2023-2024	-
Amortization and impairment	
At beginning of the year	-
Amortization	-
At end of the year	-
Impairment loss	-
At end of the year	-
NBV at July 1 st 2024	-
NBV at June 30 th 2025	-

25. Right-of use assets

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Cost				
As At 1 July 2023-2024	-	-	-	-
Additions	-	-	-	-
As At 30 June 2023-2024	-	-	-	-
Additions	-	-	-	-
As At 30 June 2024-2025	-	-	-	-
Accumulated Depreciation				
As At 1 July 2023-2024	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2023-2024	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2024-2025	-	-	-	-
Carrying Amount				
As At 30 June 2025	-	-	-	-
As At 30 June 2025	-	-	-	-

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26. Trade and Other Payables

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Trade payables	-	-	-	-
Employee payables	-	-	-	-
Other payables	-	-	-	-
Total trade and other payables	-	-	-	-
Aging analysis: (Trade and other payables)	2024-2025	% of the Total	1st July	% of the Total
Under one year	-	-	-	0%
1-2 years	-	-	-	0%
2-3 years	-	-	-	0%
Over 3 years	-	-	-	0%
Total (tie to above total)	-	-	-	0%

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27. Third-Party deposits

	<i>2024-2025</i>
	KShs
Retention as at 1 st July (A)	-
Retention held during the year (B)	3,381,002
Retention paid during the Year (C)	-
Closing Retention as at 30 th June D= A+B-C	3,381,002

Retentions aging analysis.

	<i>2024-2025</i>	% of the total	<i>2023-2024</i>	% of the total
Less than 1 year	3,381,002	100%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	3,381,002	100%	-	0%

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

28. Lease Liabilities

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

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Maturity Analysis

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

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

29. Gratuity Provision

Description	2024-2025
	Kshs
Gratuity at the beginning of the year 1 st of July	941,479
Gratuity held during the year	961,338
Gratuity paid during the year	-
Total Gratuity Provision 30th June (A+B-C)	1,902,817

30. Cash Generated from Operations

	<i>2024-2025</i>
	Kshs
Surplus/Deficit for the year	41,784,531
Adjusted for:	
Depreciation	2,856,266
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase/decrease in receivables	(8,471,744)
Increase/decrease in third party deposits	(3,381,002)
Increase/decrease in payables	(961,338)
Net cash flow from operating activities	57,454,880

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

31. Financial Risk Management

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

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i) Credit risk

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

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024-2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	21,447,760	21,447,760	-	-
Bank balances	170,743,420	170,743,420	-	-
Total	192,191,180	192,191,180	-	-
As at 30 June 2023-2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	29,919,502	29,919,502	-	-
Bank balances	128,402,896	128,402,896	-	-
Total	158,322,398	158,322,398	-	-

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

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has no significant concentration of credit risk. 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	-	-	3,381,002	3,381,002
Current proportion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Gratuity Provision	-	-	961,338	961,338
Total	-	-	4,342,340	4,342,340
As at 30th June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Gratuity Provision	-	-	941,479	941,479
Employee benefit obligation	-	-	-	-
Total	-	-	941,479	941,479

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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and 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.

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 favourable 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

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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.

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

iv) Capital Risk Management

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

Description	2024-2025	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
Revaluation Reserve	157,020,919	157,020,919
Retained Earnings	41,784,531	-
Capital Reserve	-	-
Total Funds	198,805,450	157,020,919
Total Borrowings	-	-
Less: Cash and Bank Balances	(170,743,421)	(128,042,896)
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	0%	0%

32. Related Party Disclosures

	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	1,982,631	398,080
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	169,969,502	-
Total	169,969,502	-

33. Segment Information

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

34. Contingent Assets and Contingent Liabilities

Contingent Assets

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

(Give details)

Contingent Liabilities

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

35. Capital Commitments

Capital Commitments	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for	-	-
Total	-	-

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

36. Events after the Reporting Period

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

37. Ultimate And Holding Entity

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

38. Currency

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

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18. Annexes

Annex 1: Summary of Asset Register

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land	-	-	-	-
Buildings and structures	9,805,012	5,812,516	-	15,617,528
Transport equipment	9,119,430	7,939,000	-	17,058,430
Office equipment, furniture, and fittings	1,057,655	60,500	-	1,118,155
ICT Equipment and Other ICT Assets	797,160	942,338	-	1,739,498
Other Machinery and Equipment	62,686	-	-	62,686
Intangible assets	-	-	-	-
Total	20,841,943	14,754,354	-	35,596,297

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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
KIANGWE PRIMARY SCHOOL	EQUITY BANK LAMU BRANCH	1590285382321	10,278,944	7,525,890.00
LAMU EAST HUDUMA CENTRE	EQUITY BANK HINDI SUB-BRANCH	1960285489251	19,327,886	24,600,000.00
KIUNGA SECONDARY SCHOOL	EQUITY BANK LAMU BRANCH	1590285654335	52,224	0
LAMU EAST TECHNICAL AND VOCATIONAL COLLEGE	EQUITY BANK LAMU BRANCH	1590285594435	2,022,224	0
CAPTAIN RUWEIDA BOYS SECONDARY SCHOOL	EQUITY BANK LAMU BRANCH	1590285654566	14,143,216	0
SHEIKH AHMAD MSALLAM SECONDARY SCHOOL	EQUITY BANK LAMU BRANCH	1590285654473	2,891,470	0
PATE GIRLS SECONDARY SCHOOL	EQUITY BANK LAMU BRANCH	1590285649596	8,233,000	0
KIZINGITINI GIRLS PRIMARY SCHOOL	EQUITY BANK LAMU BRANCH	1590285646153	1,709,884	0
KIZINGITINI BOYS PRIMARY SCHOOL	EQUITY BANK LAMU BRANCH	1590285646016	1,709,884	0
TCHUNDWA PRIMARY SCHOOL	EQUITY BANK LAMU BRANCH	1590285649529	19,333,733	0
KIZINGITINI CHIEFS OFFICE	EQUITY BANK LAMU BRANCH	1590285646169	1,000,000	0
SIYU CHIEFS OFFICE	EQUITY BANK LAMU BRANCH	1590285657355	98,705	0
LAMU EAST SUB-COUNTY CHIEFS'	EQUITY BANK LAMU	1590285729820	600,000	0

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
LAPTOPS	BRANCH			
NDAU PRIMARY SCHOOL	EQUITY BANK HINDI SUB-BRANCH	1960286429203	15,120,535	0
MBWAJUMWALI PRIMARY SCHOOL	EQUITY BANK HINDI SUB-BRANCH	1960286437496	17,856,842	0
FAZA SECONDARY SCHOOLS	EQUITY BANK HINDI SUB-BRANCH	1960286467164	20,851,465	0
KIUNGA DIGITAL HUB-KIUNGA ACC OFFICE	EQUITY BANK LAMU SUB-BRANCH	1590286570056	11,359,000	0
SHANGA PRIMARY SCHOOL	EQUITY BANK LAMU SUB-BRANCH		5,715,517	0
Total			152,304,529	32,125,890

Annex 3: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/NGCDF/LAMU E/2023-2024/(19)	<p>Unsupported Bursary Payments:</p> <p>The Statement of receipts and payments reflects other grants and transfers amount of Kshs. 62,373,243. The amount includes bursary payments to secondary schools of Kshs. 36,457,000, tertiary institutions Kshs. 21,333,250 and special schools Kshs. 1,982,993 all totaling Kshs. 59,773,243. Included in this amount were bursary cheques amounting to Kshs. 554,800 which became stale due to non-collection by beneficiaries. However, lists of beneficiaries eventually awarded the bursaries from the cheques replaced were not provided for Audit.</p> <p>In the Circumstances, the accuracy, completeness and propriety of bursary Payments of Kshs. 554,800 could not be confirmed.</p>	<p>We acknowledged the oversight by the committees during the exercise. However, the list of the beneficiaries with regard to replacement of stale cheques amounting to KShs. 554,800 is available for review by the auditors.</p>	Not Resolved	Date to be provided by 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)
OAG/KRO/NGCDF/LAMU E/2023-2024/(19)	<p>Emphasis of matter</p> <p>Budgetary control and Performance:</p> <p>The summary statement of appropriation reflects the final budget and actual on comparable basis of Kshs. 236,760,962 and Kshs. 206,841,460 respectively, resulting to a budget under funding of Kshs. 29,919,502 representing 13% of the budget. Similarly, the fund spent Kshs. 111,865,933 against an actual receipt of Kshs. 206,841,460 resulting to under absorption of Kshs. 94,975,527 representing 46% of the receipts.</p> <p>The underfunding and underutilization 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.</p>	<p>The under absorption of funds were as result of delayed project approval by the Board pending fulfillment of conditions relating to land issues, drawings and designs, and approval by related government units. The conditions have since been met, approvals received and implementation commenced. The necessary documents are available for audit review by the Auditor General.</p>	Not Resolved	Date to be provided by DFAC.
OAG/KRO/NGCDF/LAMU	<p>Key Audit matters</p> <p>Other matter</p>	All unresolved prior year matters raised by the	Not Resolved	Date to be provided by 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)
E/2023-2024/(19)	<p>Unresolved Prior Year Matters:</p> <p>In the audit of the previous year, several issues were raised under the report of financial statements and report of Lawfulness and Effectives in use of public Resources and report on Effectiveness of Internal Controls, Risk Management and Governance. Even though the management indicates the issues as resolved, the evidence of resolution has been provided. The issues remain unresolved.</p>	<p>Auditor General during the period under review have been addressed by the committee and the supporting documents are available for review and clearance by DFAC</p>		
OAG/KRO/NGCDF/LAMU E/2023-2024/(19)	<p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE</p> <p>Lack of ownership valuation and existence of fixed assets:</p> <p>As disclosed in annex 4 summary of fixed assets register, the fund had assets valued at Kshs. 20,841,943 as at 30th June, 2024. Included in the summary of asset register is the historical cost of the funds building valued at Kshs. 9,805,012. However, Management did not disclose the cost of the land where the funds offices are constructed and had also not obtained ownership documents for the parcel of land. Further, physical inspections carried out on the assets revealed that the funds</p>	<p>The committee with the assistance of the County Land Registrar, County Land Surveyor, and The County Government of Lamu is in the process of securing the land ownership documents from the private owners.</p> <p>The committee has written to the County Registrar of</p>	Not Resolved	Date to be provided by 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>management have not tagged / branded its assets as required under regulation 132(1) of the public finance management (County Government) regulations, 2015 that requires accounting officer to ensure proper control systems exist for assets to prevent theft, security threats, losses, wastage and misuse and also ensure movement and conditions of assets can be tracked.</p> <p>In the circumstances, the internal controls relating to assets management were not effective during the year under review.</p>	<p>Lands to initiate transfer of ownership to NG-CDFC Lamu East Constituency.</p>		



Name: Mr. Javan Mwandawiro
Fund Account Manager.