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THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND – SABATIA  
CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE, 2025



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**SABATIA CONSTITUENCY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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## 1. Acronyms and Definition of Key Terms

### A. Acronyms

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

### B. Definition of Key Terms

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

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

## 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 realisation 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 Sabatia Constituency's day-to-day management is under the following key organs:

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

#### **Fiduciary Management**

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

No	Designation	Name
1.	AIE holder	Gimonge M. Tom
2.	National Sub-County Accountant	Leah M. Barasa
3.	Chairman NGCDFC	Wycliffe Muzozo Volemi
4.	Member NGCDFC	Noel Kelonye(Alternate operation A/c)
5.	Member NG CDFC	Lilian Siva(Deposit A/C)

#### **(c) Fiduciary Oversight Arrangements**

The Audit Committee of the NGCDF Board provides overall fiduciary oversight on the activities of the NGCDF Sabatia 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) NG-CDFC Sabatia Constituency Headquarters**

**NGCDFC Building**

P.O Box 260 -50311  
Chavakali – Kapsabet Highway  
Wodanga, Kenya.

**(e) NGCDF Sabatia Constituency Contacts**

Telephone: (254) 722358998  
E-mail: [cdfsabatia@ngcdf.go.ke](mailto:cdfsabatia@ngcdf.go.ke)  
Website: [www.ngcdfsabatia.go.ke](http://www.ngcdfsabatia.go.ke)

**(f) NGCDF Sabatia Constituency Bankers**

1. Sabatia Constituency Development Fund  
Operation account  
KCB  
Mbale Branch  
P.O. Box 1123 – 50300  
Maragoli
2. Sabatia Constituency Development Fund  
Deposit account  
*Equity bank*  
*Mbale Branch*  
P.O. Box 545, Mbale, Kenya
3. PMC Accounts  
Kenya Commercial Bank  
P.O. Box 1123 – 50300  
Maragoli  
  
Equity Bank  
P.O. Box 545, 00300  
Mbale, Kenya  
  
ABSA Bank  
Mbale branch  
P.O Box 30120 -00100  
Nairobi  
  
Co – operative Bank  
Mbale Branch  
P.O Box 816 – 50300  
Maragoli, 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

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**3. NGCDF Committee**

(provide details for all the NG CDFC members in the format below)

Name	Details
 Wycliffe Muzozo - Chairman	<p><i>Date of Birth: 15-10-1977</i>  <i>Academic professional : KCSE</i>  <i>Work Experience: Over 15 years of hands-on experience in the construction industry, specializing in building works, project supervision, and site management. Demonstrated expertise in coordinating construction teams, ensuring compliance with safety standards, and delivering projects within budget and timelines.</i>  <i>He is current chairperson of NGCDFC Sabatia</i></p>
 Serah Litu - Member	<p><i>Date of Birth: 1960</i>  <i>Accademic professional : Degree in Supplies Chain management</i>  <i>Work Experience: 11+ years at Sabatia Sub-County Offices, with a strong background in procurement, inventory management, and logistics coordination. Skilled in managing supplier relationships, streamlining supply chain operations, and ensuring compliance with government procurement regulations.</i>  <i>She is current a member of NGCDFC Sabatia</i></p>
 Wycliffe Mukarani - Member	<p><i>Date of Birth: 20-10-1991</i>  <i>Academic professional : Degree Bachelor in education</i>  <i>Work Experience: 5 years as a Board of Management (BOM) Teacher, delivering quality instruction, preparing lesson plans, assessing student performance, and promoting academic excellence. Proven commitment to student mentorship and extracurricular engagement.</i>  <i>He is current a member of NGCDFC Sabatia</i></p>
 Noel Kelonye - Secretary	<p><i>Date of Birth: 18-06-1999</i>  <i>Academic professional : Degree Mass Media</i>  <i>Work Experience: Not currently employed. Holds strong academic grounding in journalism, broadcasting, public relations, and media production, with the ability to contribute effectively in both traditional and digital media environments.</i>  <i>She is current the secretary of NGCDFC Sabatia</i></p>

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 <p>Peter Isabwa - Member</p>	<p><i>Date of Birth: 1967</i>  <i>Accademic professional : Technical Education</i>  <i>Work Experience: 17+ years in technical institutions, specializing in vocational training, skills development, and curriculum delivery. Experienced in training students in technical and hands-on disciplines, and in managing workshops and training facilities.</i>  <i>He is current a member of NGCDFC Sabatia</i></p>
 <p>Doreen Kadenyi - Member</p>	<p><i>Date of Birth: 08-08-1985</i>  <i>Accademic professional : Knitting Course</i>  <i>Work Experience: 10 years as a self-employed entrepreneur in knitting and garment production. Skilled in pattern design, fabric selection, and running a small-scale manufacturing business with consistent client satisfaction.</i>  <i>He is current a member of NGCDFC Sabatia</i></p>
 <p>Lilian Siva - Member</p>	<p><i>Date of Birth: 16-01-1974</i>  <i>Accademic professional : KCSE</i>  <i>Work Experience: 10+ years as a self-employed businessperson, managing retail operations and service provision. Adept in customer service, financial management, and business sustainability.</i>  <i>She is current a member of NGCDFC Sabatia</i></p>
 <p>Haggai Asena Liboyio - Member</p>	<p><i>Date of Birth: 1955</i>  <i>Accademic professional : Primary Teachers Certificate</i>  <i>Work Experience: 20+ years in the teaching profession, with extensive experience in classroom instruction, curriculum implementation, and community engagement in education. Recognized for mentoring students and fostering a positive learning environment.</i>  <i>He is current a member of NGCDFC Sabatia</i></p>

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Tom M. Gimonge Fund Account  
Manager

*Date of Birth: 20.09.1972*  
*Accademic professional : Master's in Business Administration and Management*  
*Work Experience: 15+ years in NG-CDF management, with experience in project planning, financial oversight, team leadership, and stakeholder coordination to ensure successful delivery of community development initiatives.*

*He is an ex-official member of NGCDFC Sabatia*

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



*Mr. Wycliffe Muzozo Volemi  
Chairman, Sabatia NG-CDF*

I am pleased to present a comprehensive analysis of Sabatia NG-CDF's financial performance for the fiscal year 2024–2025, focusing on actual expenditures across key spending categories and noting areas of strategic execution and timing considerations.

#### **Budget Performance Overview**

In the Compensation of Employees category, the Fund allocated Ksh 8,784,584, with actual expenditure of Ksh 5,319,039. This reflects efficient management of payroll-related costs, ensuring adequate staffing support while maintaining financial discipline.

Committee Expenses amounted to Ksh 12,028,700, supporting essential coordination, oversight, and project-related activities throughout the year. These funds facilitated planning, monitoring, and stakeholder engagement efforts critical to successful project delivery.

In Transfers to Other Government Units, Ksh 5,491,440 was spent out of the total allocation of Kshs. 7,023,892. This reflects a phased project implementation approach, with some activities scheduled to continue into the next financial year, ensuring quality execution and compliance with project timelines.

Under Other Grants and Transfers, Ksh 68,617,206 was spent, supporting bursary programs and school infrastructure interventions. While some initiatives experienced slight timing adjustments, they remain on track and are expected to pick up pace in the coming months.

For Acquisition of Assets, Ksh 3,000,000 was utilized. The balance remains committed to projects currently undergoing procurement processes or pending final approvals, and implementation is set to continue in the next cycle.

#### **Conclusion**

The financial performance for 2024–2025 reflects strong alignment with development priorities, with many projects progressing as planned. Where timing adjustments occurred, the Fund has ensured that resources remain earmarked for their intended purposes and will be carried forward into subsequent implementation phases.

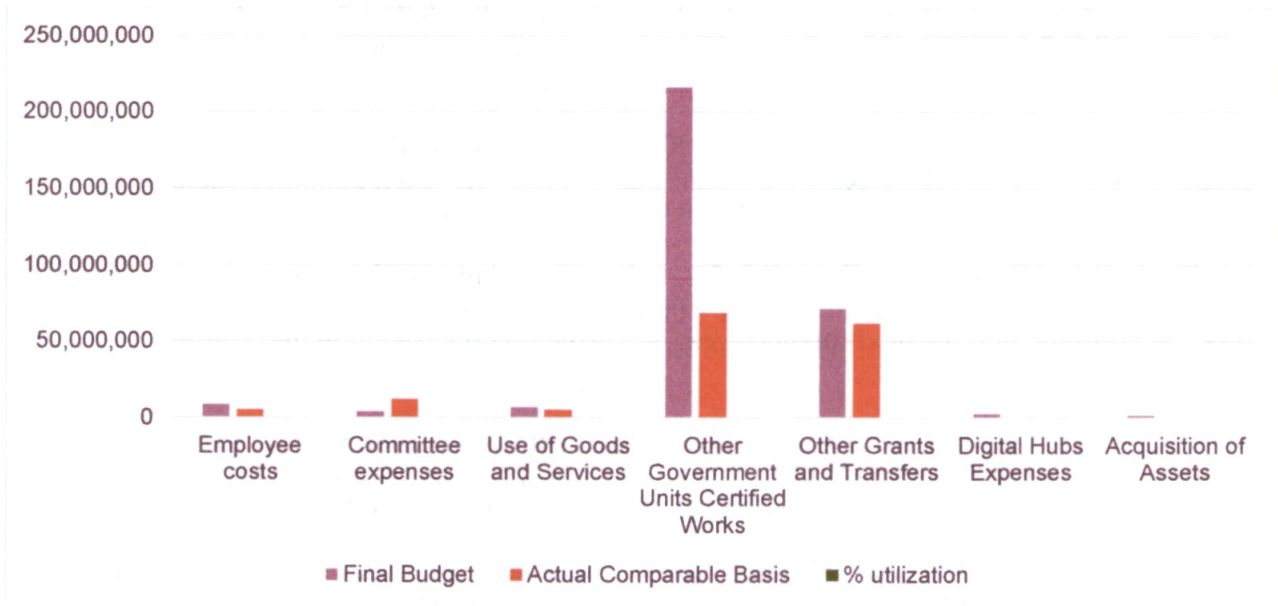
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Looking ahead, Sabatia NG-CDF will focus on enhancing coordination with implementing partners and ensuring timely project execution to maximize the impact of every shilling spent, in line with its mandate to improve the well-being of the people of Sabatia Constituency.

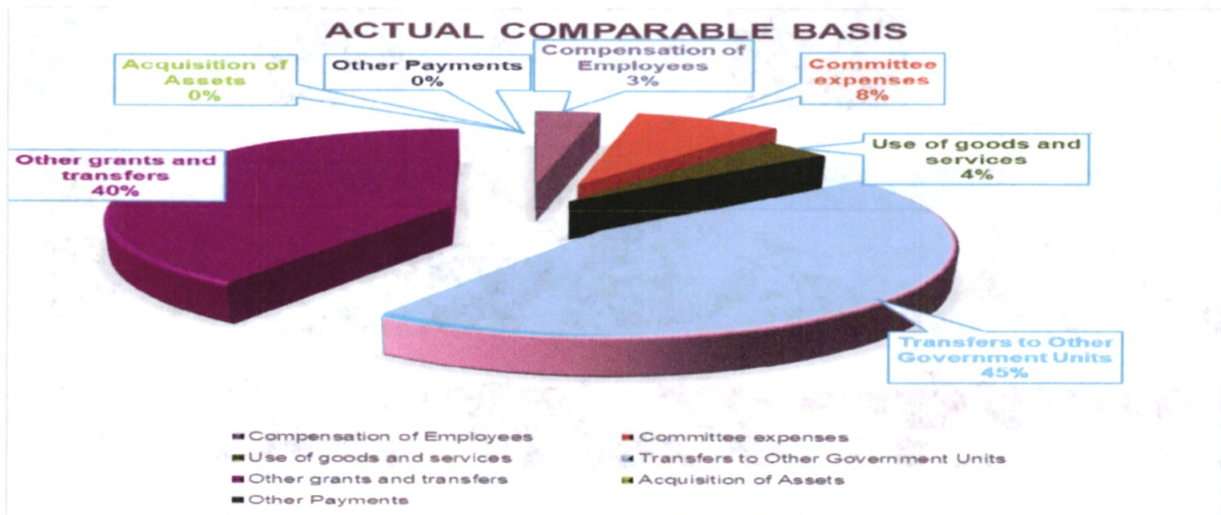
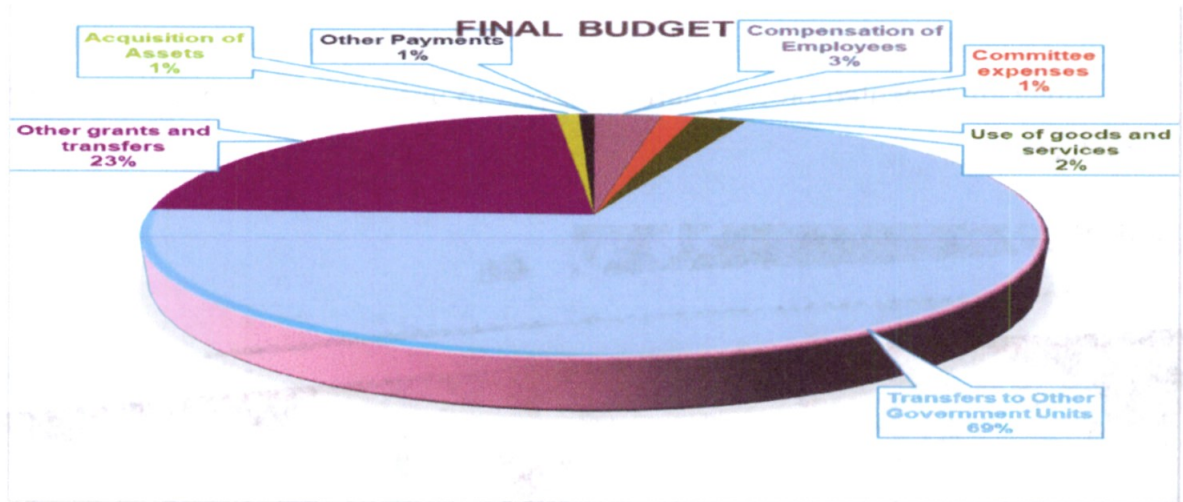
**Summary of Budget performance against Actual amount for the current year 2024-2025**

<b>PAYMENTS</b>	<b>Budget allocation</b>	<b>Actual Payment per sector</b>
Employee costs	8,784,585	5,319,039
Committee expenses	4,271,580	12,028,700
Use of Goods and Services	7,023,892	5,491,440
Other Government Units Certified Works	216,465,994	68,617,773
Other Grants and Transfers	71,331,721	61,626,206
Digital Hubs Expenses	3,000,000	-
Acquisition of Assets	2,056,303	-
<b>TOTAL</b>	<b>312,934,075</b>	<b>153,083,158</b>

**Graphical illustration of Budget performance against Actual amount financial year 2024-2025**



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In the 2024–2025 financial year, Sabatia NG-CDF made great strides through the teamwork of all stakeholders, including the NG-CDF Committee, local leaders, and the community.

A major highlight was the increased number of classrooms constructed, greatly improving the learning environment. Over 14,900 students also benefited from bursaries in secondary, tertiary, and special needs institutions.

Other key areas supported included security projects, climate change initiatives, emergency responses, and committee operations. While some areas such as asset acquisition and transfers to other government units showed underutilization, overall budget implementation was effective and impactful.

Below are some of the best-performing projects implemented in 2024–2025:

- Successfully implemented projects during the year to underscore the performance of the constituency.



**Image 1: Complete Renovation of 1No. Classroom at Mulundu Primary School.**



Image 2: Complete Construction of Hamuyundi ast chief office

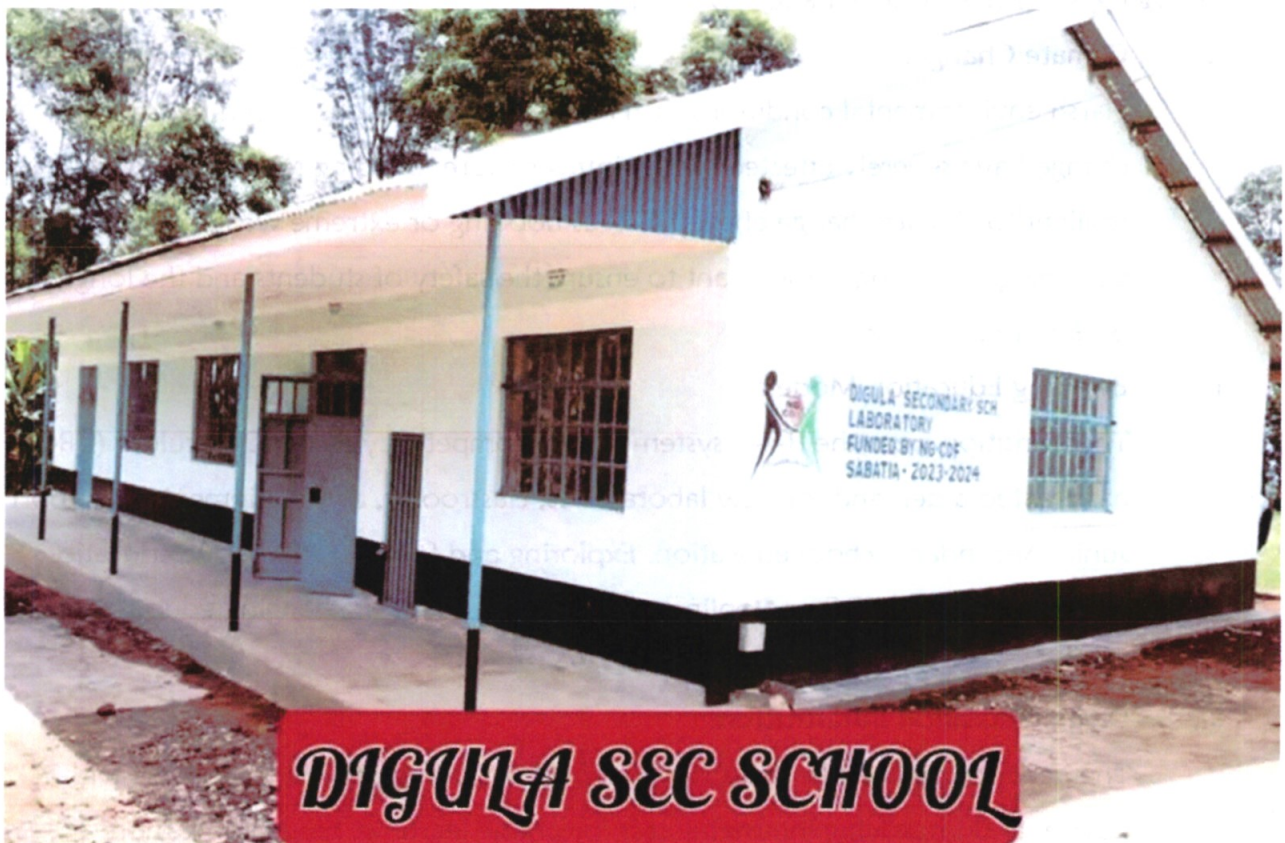


Image 3: Complete Construction of a laboratory at Digula Sec School



**Image 4: Complete construction of an abulation Pit Latrine at Ondeyo Primary School**

○ **Emerging issues related to Sabatia NG - CDF**

i. **Climate Change:**

Harsh environmental conditions such as drought and floods caused by climate change have severely affected school infrastructure. Building schools that are resilient to climate change effects, such as flooding or extreme weather events, is becoming increasingly important to ensure the safety of students and the longevity of the infrastructure.

ii. **Evolving Education Models:**

The transition from the 8-4-4 system to the Competency-Based Curriculum (CBC) has created a demand for new laboratories, classrooms, and equipment to support Junior Secondary School education. Exploring and funding alternative education models, including CBC and online education, to adapt to changing educational needs is an on-going consideration.

iii. **Digital Education Infrastructure:**

The need for digital infrastructure in schools, including providing students with devices and improving internet access for online learning, has become more pressing due to the increasing reliance on technology in education.

iv. **Inflation and Property Destruction:**

The variation of prices due to inflation and the destruction of properties by demonstrators have further strained financial resources. These economic pressures necessitate adjustments in budgeting to accommodate rising costs and repair damaged infrastructure.

o *The implementation challenges and recommended way forward.*

i. **Climate Change**

- **Challenge:** Severe damage to school infrastructure from droughts and floods.
- **Recommended Way Forward:** Invest in building schools that are resilient to climate change effects and enhance existing infrastructure to withstand extreme weather events.
- **Actions Taken:** The entity is incorporating climate-resilient designs in new school construction projects and retrofitting existing buildings with necessary adaptations.

ii. **Evolving Education Models**

- **Challenge:** Transition to CBC requiring new laboratories, classrooms, and equipment for Junior Secondary School.
- **Recommended Way Forward:** Develop and fund infrastructure upgrades to meet the demands of CBC, including laboratories and modern classroom facilities.
- **Actions Taken:** The entity is working with educational authorities to prioritize infrastructure projects and is engaging with stakeholders to secure necessary resources and expertise.

iii. **Digital Education Infrastructure**

- **Challenge:** Insufficient digital infrastructure for online learning and technology integration.
- **Recommended Way Forward:** Enhance digital infrastructure by providing devices, improving internet access, and supporting digital learning platforms.
- **Actions Taken:** The entity is investing in technology upgrades and collaborating with technology providers to improve internet connectivity and distribute digital devices to schools.

iv. **Inflation and Property Destruction**

- **Challenge:** Rising costs due to inflation and damage from demonstrators impacting budget and resources.

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- **Recommended Way Forward:** Adjust budgets to account for inflation and repair damaged properties promptly.
- **Actions Taken:** The entity is revising budget plans to accommodate increased costs and is prioritizing repair and reconstruction efforts for affected properties.

~~WILLIFG MU2020~~

Name WILLIFG MU2020  
Chairman NGCDF Committee

**5. Statement of Performance against Predetermined Objectives for FY2024/25**

**Introduction**

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

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

1. To ensure all children of school-going age are attending school, aiming for increased enrolment and improved transitions between educational levels.
2. To provide offices for all Assistant Chiefs, Chiefs, and Assistant County Commissioners, and establish modern police stations and posts to enhance security services.
3. To promote a healthy and clean environment through increased tree planting and construction of sanitary facilities.
4. To develop and support youth and women's talents by organizing and holding sports activities.
5. To prepare for and address unforeseen occurrences in the constituency with appropriate resources and planning.

**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:

<b>Sector</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary’s beneficiaries at all levels	In FY 2024/25 - we Constructed 12 Classrooms in primary school including Mbale primary, Mambai primary, and Keveye primary among others, 2 classes in Secondary schools for example Bugina secondary and Munoywa Secondary – - During the year, Approximately 14,013 students benefitted in 10,765 in secondary

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				school and 2,145 in tertiary institution and 1207 students in special schools.
Security	To ensure all Ass. Chiefs, chiefs and the Ass. County Commissioners' have an office  To have modern police stations and posts at the Constituency	Access to quality services  Reduced crime rate	To ensure all Ass. Chiefs, chiefs and the Ass. County Commissioners' have an office	-Sabatia NG- CDFC has constructed 9 Assistant Chiefs' offices which includes Gaigedi Assistant Chief, Hamuyundi Asst Chief, Walodeya Asst Chief amongst others.
Climate change mitigation activities	To have health and clean environment and water catchment	Access to good health and sanitation	Number of Indigenous trees planted  Number of sanitary facilities constructed	During the financial year 2024-2025, Sabatia constituency has facilitated planting of trees in Bugina, Wangulu secondary schools amongst others.
Emergency	Catering for any unforeseen occurrences in the Constituency	Preparedness to unforeseen occurrences	Number of unforeseen occurrences in the constituency	Sabatia NGCDF has spent Kshs. 11,700,000 on emergency fund the year under review. The funds were used to build toilets in primary schools for example Logemo Primary, Viyalo Primary, Gahumbwa primary and Evojo Primary primary school amongst others.
Others (Specify)				

## **6. Governance Statement**

### **Process of appointment of NG-CDF Member**

#### **Introduction**

The National Government Constituencies Development Fund Act 2015 (Amended 2016) in section 43(1), (2), (3) and 57(1) and its regulations, provides for establishment of National Government Constituency Development Committee (NG-CDFC) for every constituency. The officer of the board facilitated the process of nomination of the NG CDFC for onward forwarding to the board for appointment through gazette notice.

In this regard section 5 and 6 of NG CDF regulations provides for procedure for nomination of the five members of the NG CDFC as outlined in section 43 (2) paragraph (b), (c), and (d) of the principal Act through a selection panel composed of:

- a) One person nominated by national Government official in charge of Sub County or designated representative who shall chair the panel
- b) Officer of the Board seconded to the constituency who is to be the secretary of the selection panel
- c) Two persons one of either gender nominated by the constituency office (established under regulations made pursuant to the parliamentary service act)

Further the NG-CDF regulations require that one to serve as member of the NGCDF committee he or she must be;

- a) citizen of Kenya
- b) ordinarily resident voter of the constituency
- c) able to read and write and communicate in English and Kiswahili
- d) meet the chapter six of the constitution
- e) Available to participate in the activities of the constituency
- f) For youth nominee he or she must have attained age of 18 years but below age of 35yrs and
- g) For persons with disability nominee must be nominated by a registered group representing persons with disability within the constituency.

#### **Appointment of National Government Constituency Development Fund Committee**

(1) There is established a National Government Constituency Development Fund Committee for every constituency.

(2) Each Constituency Committee shall comprise of—

- (a) the national government official responsible for co-ordination of national government functions;
- (b) two men each nominated in accordance with subsection (3), one of whom shall be a youth at the date of appointment;

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- (c) Two women nominated in accordance with subsection (3). one of whom shall be a youth at the date of appointment;
- (d) one person with disability nominated by a registered group representing persons with disabilities in the constituency in accordance with subsection (3);
- (e) two persons nominated by the constituency office established under Regulations made pursuant to the Parliamentary Service Act;
- (f) The officer of the Board seconded to the Constituency Committee by the Board who shall be an ex officio member without a vote.
- (g) One member co-opted by the Board in accordance with Regulations made by the Board.

(3) The seven persons referred to in subsection (2)(b), (c), (d) and (e) shall be selected in such manner and shall have such qualifications as the Board may, by Regulations, prescribe.

(4) The names of the persons selected under subsection (3) shall be submitted by the Board to the National Assembly for approval before appointment and gazettelement by the Board.

(5) The Regulations made under subsection (3) shall be submitted to the National Assembly for approval before publication by the Board.

(6) 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.

(7) The quorum of the Constituency Committee shall be one half of the total membership.

(8) The term of office of the members of the Constituency Committee shall be two years and shall be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act, or as may be approved by the Board.

(9) The Fund account manager seconded by the Board to the constituency shall be the custodian of all records and equipment of the constituency during the term of Parliament and during transitions occasioned by general elections or a by-election.

(10) Whenever a vacancy occurs in the Constituency Committee by reason of resignation, incapacitation or demise of a member the vacancy shall be filled from the same category of persons where the vacancy has occurred within a period of one hundred and twenty days.

(11) 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.

**National Government Constituencies Development Fund (NGCDF)**

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**Process of Formation of the NGCDF Committee**

To facilitate this, the selection panel invited interested and qualified members of the public for appointment to the NG-CDF committee. The panel invited the public through advertisement publicized in churches, public offices notice boards at the chiefs and assistant Chiefs offices and other public areas in the constituency.

The selection panel developed a short listing criterion which enabled identification of the nominees for interviews. Two additional nominees were proposed by Sabatia Constituency Office as per section 43 of the NG-CDF Act, 2015.

The member took over the office on the 1st meeting on 15th dec 2022 and went through the process electing the chairperson and the secretary of the committee.

The following members were elected.

**Sabatia NG-CDF Members**

NO.	NAME	CATEGORY	Date of Appointment	Position	WARDS
1	Wycliffe Muzozo Volemi	Male (Adult)	30-11-2022	Chairperson	Busali
2	Wycliffe Mukarani	Male (Youth)	30-11-2022	Member	Izava Lyaduywa
3	Serah Muhalia Litu	Female (Adult)	30-11-2022	Member	Izava Lyaduywa
4	Noel Kelonye	Female (Youth)	30-11-2022	Secretary	Wodanga
5	Lilian Siva	Female (Adult)	30-11-2022	Member	North Maragoli
6	Peter Isabwa	Male Adult	30-11-2022	Member	Chavakali
7	Doreen Kadenyi	PWD	30-11-2022	Member	Chavakali
8	Haggai Asena	Male Co- opted	30-11-2022	Member	West Sabatia

**The NG-CDF tenure**

Section 43(8) of the NGCDF Act 2015 provides that the term of office of the members of the Constituency Committee shall be two years and shall be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act, or as may be approved by the Board. Sabatia.

The committee is currently awaiting gazettelement for the new contract since it has been passed in parliament. The previous committee was gazetted on 16th December 2022 by the Chief Executive Officer of the Board, via Gazette Notice CXXIV 276. The committee served for 2 years and there is no Committee who has left the office.

### **Roles and functions of NG-CDFC**

The functions of the National Government Constituency Development Fund Committees members as stipulated in NG-CDF Regulations 2016(11) are;

- Convene public meetings in every ward in the constituency to deliberate to on development matters.
- Deliberate on project proposals and any other projects considers beneficial to constituency.
- List of projects to be submitted in accordance with the Act to be submitted to the to the Board and ensure that all proposed projects that are approved for funding meet the requirements of section 24 of the Act.
- Ensure formation of project management committees, opening of project accounts, project implementation and closure of projects build the capacity of project management committees and sensitize the Community on the operations of the Fund
- Ensure that all projects receive adequate funding and are completed within three years.
- Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board.
- Submit financial statements to the Board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act.
- Recommend to the Board the removal of a committee member in accordance with section 43(13) and (14) of the Act.
- Enter into performance contracting with the Board on an annual basis.

### **Removal of NG-CDFC Members**

Section 43(13) of the Act provides that a member of the Constituency Committee may be removed from office on any one or more of the following grounds-

- (i) lack of integrity;
- (ii) gross misconduct;
- (iii) embezzlement of public funds;
- (iv) bringing the committee into disrepute through unbecoming personal public conduct;
- (v) promoting unethical practices
- (vi) causing disharmony within the committee;
- (vii) Physical or mental infirmity.

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

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In Sabatia the NG-CDFC has found four (4) members to have contravened the laid down regulations and law to warrant removal. The due process is ongoing and the Board is yet to give its verdict.

**Handing over**

The handing over of office by the outgoing NG-CDF Committee to the incoming committee was carried out smoothly on 25<sup>th</sup> June 2025.

**Training of NG-CDFC Members**

In the financial year 2024/2025 the NGCDF Board organized training of NGCDFC members. During the training, critical areas such as Strategic Planning & Performance Contracting Rationale for Strategic Planning & PC at NG-CDF, Complaints handling mechanism, Conduct of meetings and minute writing, Minutes files, Effective Communication and ICT Solutions, Brand Management, Project Cycle Management in NG-CDF operations, Technical aspects of Project Planning and Management, Architectural plan, Bill of Quantities description, interpretation and utilization in Project, Technical aspects of Project Planning and Management, Monitoring and Evaluation of NG-CDF Projects, Taxation in NG-CDF operations, Public Finance Management in NG-CDF Operations, Role of the committee in financial management. This enabled the committee to acquire knowledge and skills to ensure effective and efficient management of NG-CDF Sabatia.

**Number of Meetings Held**

According to the NG-CDF Act 2015, Section 43(1), the NGCDF Committee is required to hold a maximum of 24 meetings in a year including any subcommittee meetings. Sabatia Constituency Held a total of 12 meetings in the financial year 2024-2025 and the attendance was as follows.

NO.	NG-CDFC COMMITTEE MEMBERS	02 <sup>nd</sup> Oct 2024	18 <sup>th</sup> Nov 2024	10 <sup>th</sup> Dec 2024	27 <sup>TH</sup> Dec 2024	7th Jan 2025	13 <sup>TH</sup> Jan 2025	24 <sup>TH</sup> Jan 2025	5 <sup>TH</sup> Feb 2025	11 <sup>th</sup> Mar 2025	21 <sup>st</sup> May 2025	18 <sup>th</sup> June 2025	23 <sup>rd</sup> June 2025
1	Wycliffe Muzozo-Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Lilian Siva - Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Wycliffe Mukarani -Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Noel Kelonye - Secretary	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Haggai Asena-Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7.	Peter Isabwa - Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Serah Litu - Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

### **Ethics & Conduct**

Members of NGCDFC are required to observe the following ethical issues

- i. Confidentiality-theNGCDFC members have a responsibility to ensure confidentiality unless in situations required by law.
- ii. Honesty and integrity-NGCDFC members have a duty to declare any private interest relating to their public duties and to take steps to resolve any conflict arising in a way that protects the public interest.
- iii. Leadership- NGCDFC members should promote leadership in the constituency.

During the financial year 2024/2025, most members of NGCDFC Sabatia adhered to the above ethical issues

### **Members Remuneration**

NG-CDFC members are not entitled to payment of salary. However, the chairperson of NG-CDFC is entitled to an allowance Ksh. 7,000 per meeting and all other members an allowance of Ksh. 5,000 per sitting. All NGCDFC members should adhere to general ethics and code of conduct as stipulated in the NGCDF Act.

In this financial year the NGCDFC members adhered to the cabinet secretary's circular on members sitting and field allowances.

### **Disclose policy on conflict of interest**

A member who has an interest in any contract, or other matter present at a meeting shall at the meeting and as soon as reasonably practicable after the commencement, disclose the fact thereof and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter. A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made. In the financial year 2024/2025 no member of NGCDFC Sabatia contravened conflict of interest policy.

### **Sabatia NG-CDF (FY 2024–2025) Succession Plan**

#### **Purpose**

Ensure smooth leadership transition, maintain continuity, and comply with NG-CDF Act during member exits or end of terms.

#### **Key Positions Covered**

- Chairperson

- Secretary
- Youth Representative
- PWD Representative
- Professional, Religious, Male & Female Community Reps

#### Planned Replacements

- Track term expiries.
- Begin selection 3 months before end of term.
- Use standard appointment procedures.

#### Handover Process

- Outgoing members prepare a formal handover report highlighting:
  - Ongoing projects
  - Pending matters
  - Key contacts and records

A handover meeting shall be held at the Constituency Office

#### **Risk management**

Risk management has been integrated in the constituency operations through the following: training of the NGCDF staff in their respective technical areas of service to ensure they carry out their roles efficiently, training of the NGCDFCs and the PMCs to equip them with additional knowledge to carry out their duties efficiently within their mandates and regulations, the Fund account manager avails himself with all the support and required resources to ensure that the identified risk does not hamper with the delivery of service.

Some of the risk mitigation strategies that NGCDFC Sabatia has implemented include the following: Implementing audit findings and recommendations, adherence and compliance with NGCDF act 2015 and other laws and regulations to ensure an effective and efficient control system, ensuring that NGCDFC members are actively engaged in the projects implementations and overall fund utilization in the constituency, ensuring that the staff responsible for statutory deductions are well aware of the due dates of remittance, allocating insurance fund in the constituency budget, preparation of procurement plan, budget and Monitoring & evaluation plan for the financial year. Conducting public participation within the prescribed time lines to ensure the constituents are involved in project identification.

## 7. Management Discussion and Analysis

### Financial performance of sabatia NG-CDF for the last 5 years

Over the past financial years, **Sabatia National Government Constituencies Development Fund (NGCDF)** has demonstrated consistent growth in its annual allocations and a commendable improvement in fund absorption rates.

Despite various challenges encountered during the disbursement and implementation of projects at the community level, the constituency has successfully executed a range of development initiatives. Several projects have been completed, while others are currently at various stages of implementation.

The table below illustrates allocation vs expenditure from FY 2020/2021 to financial to 2024/2025 and expenditure per sector for the financial years.

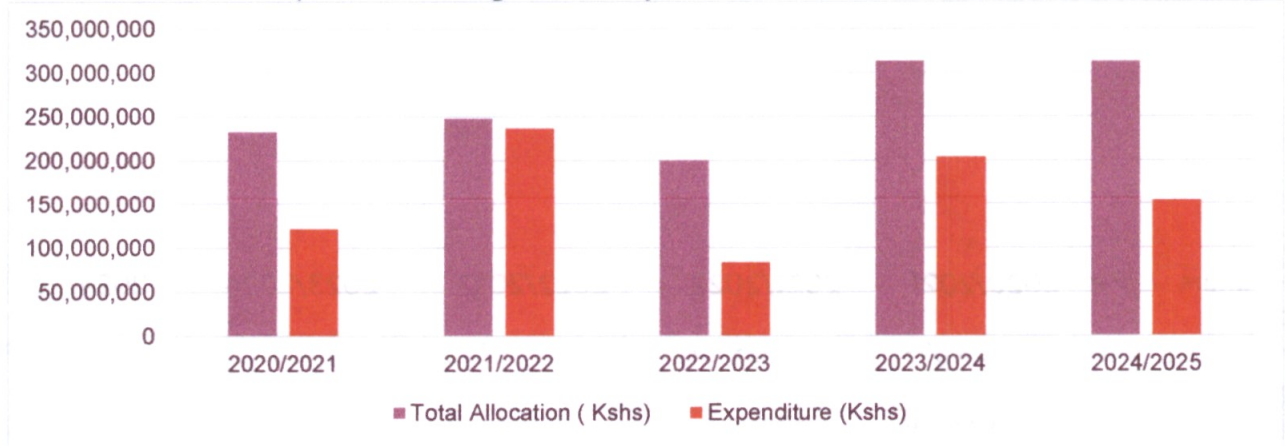
Financial year	Total Allocation ( Kshs)	Expenditure (Kshs)
2020/2021	233,245,909	121,837,627
2021/2022	248,497,161	236,408,282
2022/2023	200,274,862	83,497,552
2023/2024	313,490,646	203,887,992
2024/2025	312,934,075	153,850,916

The graph below provides a visual representation of **budget allocation versus actual expenditure** from the Financial Year 2020/2021 to 2024/2025, as well as expenditure

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distribution across key sectors during the same period.



**Sector Performance**

Sabatia NG-CDF has been operational since 2013 and provides financial analysis for the past five years detailing the funds received and how they have been spent in critical sectors, particularly Education and Security.

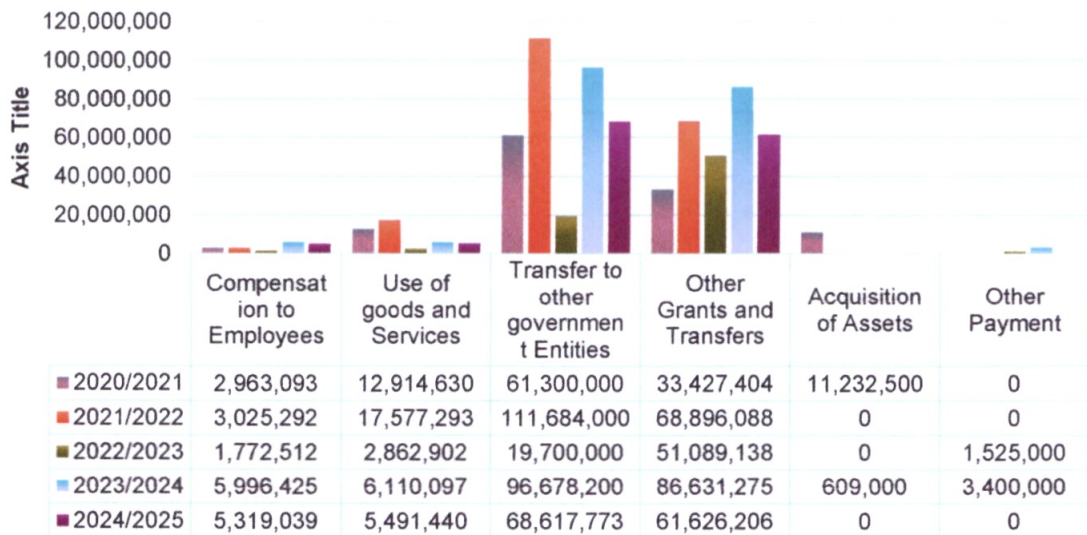
The table below illustrate the actual expenditure for Sabatia NG-CDF from the year 2021 to 2025 for first five years.

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**Graphical representation of Actual Expenditure over the past 5 years**

Expenditure Sector	Per	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Compensation to Employees		2,963,093	3,025,292	1,772,512	5,996,425	5,319,039
Use of goods and Services		12,914,630	17,577,293	2,862,902	6,110,097	5,491,440
Transfer to other government Entities		61,300,000	111,684,000	19,700,000	96,678,200	68,617,773
Other Grants and Transfers		33,427,404	68,896,088	51,089,138	86,631,275	61,626,206
Acquisition of Assets		11,232,500	-	-	609,000	-
Other Payment		-	-	1,525,000	3,400,000	-
<b>Total</b>		<b>121,837,627</b>	<b>201,182,673</b>	<b>76,949,552</b>	<b>199,424,997</b>	<b>141,054,458</b>

**Chart Title**



### **Key Projects**

Sabatia NG-CDF has implemented key projects aimed at improving infrastructure and creating job opportunities for residents of Sabatia Constituency.

Notable developments include the completion of Kedoli and Hamuyundi Assistant Chief offices in Busali and West Maragoli Wards, respectively, and the ongoing construction of Kegondi KMTC, which will enhance access to health education.

The Fund has also expanded education facilities by constructing additional classrooms in various schools. Major projects include complete storey buildings with 16 classrooms at Havuyiya Primary School, as well as works at Munoywa Secondary School, Munoywa Primary School, Sabatia Primary School, Mwiltisa Primary School, and Kigama Primary School.

### **Projects – Implemented & Ongoing**

1. Security, Bursary, Education Support -Over Ksh. 205 M disbursed over FY 2020-25 across all education levels and security as illustrated below;



**Image Showing the construction at Kegondi KMTC**



Image Showing the complete construction of Assistant Chief office at Budaywa Asst Chief office

#### **b) Compliance with Statutory Requirements**

Sabatia NG-CDF is an entity fully guided by the Constitution of Kenya 2010, the NG-CDF Act 2015, the Public Finance Management (PFM) Act 2012, the Public Procurement and Asset Disposal Act (PPADA) 2015, and other relevant laws, and has maintained full compliance with these provisions.

In line with Schedule Four of the Constitution of Kenya 2010, which clearly defines the roles of the National Government and County Governments, Sabatia NG-CDF has never been cited for non-compliance.

The Fund has consistently met its statutory obligations, including the payment of taxes such as VAT withholding tax from contractors, Pay As You Earn (PAYE) tax, and withholding tax, as required by law. The management remains committed to upholding these obligations and operating strictly within the law in the future.

#### **d) Review of the Economy, Sector, and Future Developments**

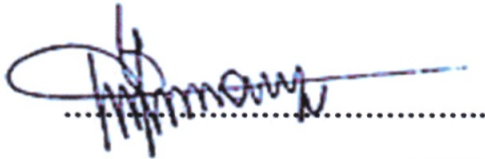
The Kenyan economy has faced significant challenges in recent years, driven by factors such as the Covid-19 pandemic, which slowed business growth and reduced revenue collection. Sabatia NG-CDF, like other constituencies, was affected by these economic disruptions. The increased cost of implementing projects during this period impacted both completion timelines and budget execution.

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However, over the last three years, there has been a notable improvement in revenue growth, resulting in increased budgetary allocations to the Fund, including at the constituency level, as illustrated in the preceding tables.

Looking ahead, the ongoing discussions to entrench the NG-CDF into the Constitution present a strong opportunity for future growth of the Fund. This would enhance its capacity to drive economic development at the constituency level. Sabatia NG-CDF has already developed mechanisms through its strategic plan to ensure the implementation of more impactful projects over the next three years, with a focus on improving infrastructure, education, and community welfare.



Name  
Fund Account Manager

NATIONAL GOVERNMENT  
CONSTITUENCY  
DEVELOPMENT FUND

05 NOV 2025

SABATIA CONSTITUENCY  
P.O BOX 260 – 50311  
WODANGA

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

Environmental issues, particularly climate change mitigation, have been prioritized as a key government agenda. The recent amendment to the NG-CDF Act 2015, which increased the allocation for climate change mitigation activities from 2% to 5%, ensures that this objective is met through the NG-CDF Fund. In the 2023-2024 financial year, Sabatia NG-CDF allocated Kshs. 841,300 for tree planting initiatives in three institutions within the constituency including: Bugina Secondary School, Wangulu Secondary School and Kigama Secondary School.

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

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

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

**2. Environmental performance**

**1. Environmental Policy Statement**

The Constituency, through the NG-CDF Committee, upholds a commitment to environmental conservation. All development projects are designed to comply with the Environmental Management and Coordination Act (EMCA), with emphasis on sustainable practices.

**2. Evidence of Policy Implementation**

- Tree planting incorporated into school and public institution projects.
- Rainwater harvesting systems installed in 5 schools.

**3. Achievements in FY 2024/2025**

Area	Achievement
Tree planting	Over 3,000 tree seedlings planted in schools
Waste management	Installation of waste bins
Community participation	Public sensitization forums on environmental conservation

**4. Shortcomings**

- Inadequate funding specifically allocated to environmental conservation.
- Limited follow-up on previously planted trees.
- Lack of permanent policy documentation at constituency level.

**5. Biodiversity & Waste Management**

- Collaboration with KFS on tree planting and wetland conservation.
- Ongoing campaigns encouraging use of organic waste pits in schools.
- Awareness drives on illegal logging and quarrying in sensitive zones.

**6. NG-CDF Student Environmental Activities**

- Tree planting carried out **once per academic year** in NG-CDF-sponsored schools.

## **7. Youth & Community Sensitization on Drug Abuse**

- Sensitization forums conducted in collaboration with NACADA and local administration.

### **3. Employee welfare**

We invest in providing the best working environment for our employees. Sabatia 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. Sabatia 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-**

Sabatia 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.

NGCDF has put in efforts to ensure:

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

#### **5. Community Engagements-**

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

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

Sabatia Constituency deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituents, considering the

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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 NG CDF Board in accordance with the Act.

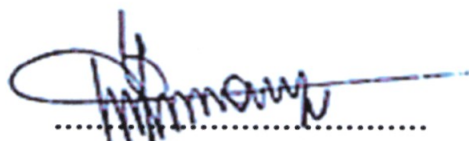
**Public participation** is a process that directly engages the concerned stakeholders in decision-making and fully considers public input.

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

**Public Awareness**

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

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



.....  
Name: **Gimonge Tom**  
Fund Account Manager.

NATIONAL GOVERNMENT  
CONSTITUENCY  
DEVELOPMENT FUND

05 NOV 2025

SABATIA CONSTITUENCY  
P.O BOX 260 – 50311  
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## **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-Sabatia 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-Sabatia 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 *Sabatia NG-CDF* transactions during the financial year ended June 30, 2025, and of the Sabatia NG-CDF financial position as at that date. The Accounting Officer charge of the NGCDF- Sabatia Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the Sabatia NG-CDF financial statements as well as the adequacy of the systems of internal financial control.

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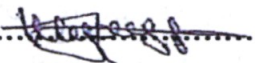
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The Accounting Officer in charge of the NGCDF Sabatia Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds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

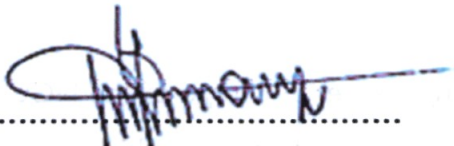
In preparing the financial statements, the Committee has assessed the Fund's ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Committee that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The NGCDF- Sabatia Constituency financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2025.

.....  


Name: Wycliffe M. Mwangi  
Chairman – NGCDF Committee

.....  


Name: Gimonge M. Tom  
Fund Account Manager



# REPUBLIC OF KENYA

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NAIROBI

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of National Government Constituencies Development Fund - Sabatia Constituency set out on pages 1 to 70, which comprise of the statement of financial position as at 30 June, 2025, and the statement of 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 – Sabatia Constituency at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the National Government Constituencies Development Fund Act, 2015 (Amended 2022), 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 Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 23 to the financial statements reflects a balance of Kshs.535,067 in respect of property, plant and equipment comprising of motor vehicles and computers & ICT equipment's amounting to Kshs.342,563 and Kshs.192,505 respectively. However, review of asset register provided for audit revealed the assets register is incomplete and does not indicate details such as depreciation rate, accumulated depreciation, annual depreciation and net book values.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.535,067 could not be confirmed.

#### **2. Unsupported Statement of Changes in Net Assets**

The statement of changes in net assets reflect an amount of Kshs.72,087,454 in respect of recognition of assets under revaluation reserves. However, this amount has not been supported by relevant schedules and asset registers and/or ledgers to justify their recognition. Further, the opening fund balance of Kshs.52,889,319 in respect of revaluation reserves has not been supported by relevant schedules and data contrary to International Public Sector Accounting Standards (IPSAS) 1 - Presentation of Financial Statements, paragraph 27 stipulates those financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses as set out in IPSAS. The application of IPSAS, with additional disclosures, when necessary is presumed to result in financial statements that achieve a fair presentation.

In the circumstances, the accuracy of the statement of changes in net assets could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Constituencies Development Fund - Sabatia 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 Controls and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis amounting to Kshs.312,934,075 and Kshs.252,520,023 respectively resulting to under-funding of Kshs.60,414,052 or 19.31% of the final budget.

Similarly, the Fund expended Kshs.153,083,159 against final approved budget of Kshs.312,934,075 resulting to budget under-utilization of Kshs.159,850,916 or 51.08 of the final receipts budget.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Fund's in 2024/2025 revealed that the following seven (7) issues remained unresolved:

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Unsupported Committee Expenses
2	2023/2024	Unsupported Bursaries Under Other Grants and Transfers
3	2023/2024	Unsupported Expenditure on Fuel, Oil and Lubricants
4	2023/2024	Budgetary Control and Performance

	<b>Financial Year</b>	<b>Audit Issue</b>
5	2023/2024	Incomplete Projects
6	2023/2024	Lack of Internal Audit Review
7	2023/2024	Fixed Assets Management

### **Other Information**

The Management is responsible for the Other Information set out on page ii to xl which comprise of Key Constituency Information and Management, NG-CDF Chairman's Report, Statement of Performance Against Predetermined Objectives, Governance Statement, 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 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.

#### **1. Delayed Completion of Seven (7) Classrooms and Administration Block at Kivagala Primary School**

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects an amount of Kshs.68,058,247 in respect of other government units' actual expenditure which includes Kshs.46,848,268 in respect of primary schools' actual expenditure. Review of the project file and expenditure records revealed that a firm was awarded the tender for the construction of seven (7) classrooms and administration block at Kivagala Primary School at a contract sum of Kshs.22,874,720.

Further, review of project implementation status report show that the project was on going and Kshs.9,502,436 was paid to the Contractor during the year under review.

However, physical verification carried out on October 2025 show that the project is not complete and is ongoing despite the expiry of the contract period of 24 weeks or six (6) months from the date of signing the contract agreement on 26 August, 2024. The contract period lapsed in February, 2025 and the project has delayed by eight (8) months.

In addition, Management has not provided inspection and acceptance committee report for audit review on works done and no signage was put on the project site to indicate details of the project such as the contractor, year of funding, project supervisors and the client.

In the circumstances, the slow pace of implementation may affect project quality, completion and value for money may not be obtained.

## **2. Delayed Completion of Seven (7) Classrooms and Administration Block at Ondeyo Primary School**

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects an amount of Kshs.68,058,247 in respect of other government units' actual expenditure which includes Kshs.46,848,268 in respect of primary schools' actual expenditure. Review of project file and expenditure records revealed that a Contractor was awarded a tender for construction of seven (7) classrooms and administration block at Ondeyo Primary School at a contract sum of Kshs.23,145,865.

Review of project implementation status report show that the project was on going and Kshs.9,433,000 was paid to the contractor during the year under review. However, a physical site inspection carried out on October, 2025 revealed that the project is not complete and is ongoing despite the expiry of the contract period of 24 weeks or six (6) months from the date of signing the contract agreement on 26 August, 2024. The contract period lapsed in February, 2025 and the project has delayed by eight (8) months.

Further, Management has not provided inspection and acceptance committee report for audit review on works done and no signage was put on the project site to indicate details of the project such the contractor, year of funding, project supervisors and the client.

In the circumstances, the slow pace of implementation may affect project quality, completion and value for money may not be obtained.

## **3. Engagement of Casuals for more than Three (3) Months**

Review of human resource records revealed that the Fund Management had employed a casual employee for more than three (3) months, from 1 December, 2023 to 30 June, 2025 a total 18 months contrary to Section 37 (1)(a)(b) of the Employment Act (2007), which states that a casual employee is a person who works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month; or performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more.

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

#### **4. Failure to Provide the Emergency Reserve Utilization Report**

The statement of financial performance and as disclosed in Note 14 to the financial statements reflect an amount of Kshs.61,626,206 in respect of other grants and transfers which includes Kshs.4,034,476 in respect of emergency projects. However, Management have not provided for audit review a report submitted to the Board on utilization of emergency reserve as required in Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which states that the utilization of the emergency reserve shall be reported to the Board within thirty (30) days of the occurrence of the emergency, in the format prescribed by the Board.

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

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

##### **Conclusion**

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

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

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

##### **Responsibilities of Management and 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 control 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 control, risk management and overall 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 financial statements are in compliance 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**

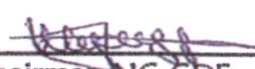
**02 December, 2025**

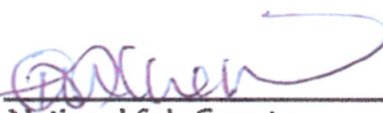
*National Government Constituencies Development Fund (NGCDF)  
Sabatia Constituency  
Annual Report and Financial Statements for The Year Ended June 30, 2025*

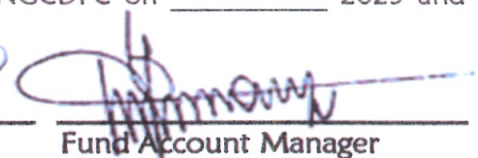
**11. Statement of Financial Performance for the Year Ended 30th June 2025**

	Note	2024-2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the NGCDF Board	6	188,414,052
Transfers from domestic and foreign partners	7	-
<b>Revenue from exchange transactions</b>		
Finance income	8	-
Miscellaneous income	9	-
<b>Total revenue</b>		<b>188,414,052</b>
<b>Expenses</b>		
Employee costs	10	5,319,039
Committee expenses	11	12,028,700
Use of Goods and Services	12	4,608,479
Other Government Units Actual expenditure	13	68,058,247
Other Grants and Transfers Actual expenditure	14	61,626,206
Depreciation and amortization expense	15	196,690
Digital Hubs Expenses Actual expenditure	16	-
<b>Total expenses</b>		<b>151,837,361</b>
<b>Other gains/(losses)</b>		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
<b>Surplus/(Deficit) for the year</b>		<b>36,576,692</b>

The Constituency financial statements were approved by the NGCDFC on \_\_\_\_\_ 2025 and signed by:

  
Chairman NG-CDF  
Committee  
Name: Wycliffe Muzozo  
Volemi

  
National Sub-County  
Accountant  
Name: Leah M. Barasa

  
Fund Account Manager  
Name: Gimonge M. Tom

ICPAK M/No:22552

SUB - COUNTY ACCOUNTANT  
SABATIA SUB-COUNTY TREASURY  
P. O. Box 78 - 50311  
WODANGA

NATIONAL GOVERNMENT  
CONSTITUENCY  
DEVELOPMENT FUND

05 NOV 2025

SABATIA CONSTITUENCY  
P O BOX 260 - 50311  
WODANGA

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

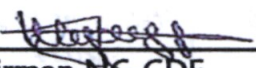
**12. Statement Of Financial Position As At 30th June, 2025**

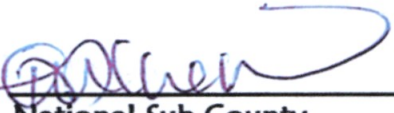
	Note	2024-2025	Opening Statement 1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	19	99,516,844	67,886,869
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	60,414,052	56,713,134
Prepayments	22	882,961	-
<b>Total Current Assets</b>		<b>160,813,858</b>	<b>124,600,003</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	23	535,067	456,750
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
<b>Total Non- Current Assets</b>		<b>535,067</b>	<b>456,750</b>
<b>Total Assets (A)</b>		<b>161,348,925</b>	<b>125,056,753</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	26	-	-
Third Party Deposits	27	-	284,519
Lease Liabilities	28	-	-
Gratuity Provision	29	1,199,514	1,199,514
<b>Total Current Liabilities</b>		<b>1,199,514</b>	<b>1,484,033</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities	28	-	-
<b>Total Liabilities (B)</b>		<b>-</b>	<b>-</b>
<b>Net Assets (A-B)</b>		<b>1,199,514</b>	<b>1,484,033</b>
<b>Represented by:</b>			
Revaluation Reserves		160,149,411	123,572,720
Accumulated Surplus			
<b>Total Net Assets</b>		<b>160,149,411</b>	<b>123,572,720</b>


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

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

  
Chairman NG-CDF  
Committee  
Name: Wycliffe Muzozo  
Volemi

  
National Sub-County  
Accountant  
Name: Leah M Barasa

  
Fund Account Manager  
Name: Gimonge M. Tom

**ICPAK M/No:22552**

SUB - COUNTY ACCOUNTANT  
SABATIA SUB-COUNTY TREASURY  
P. O. Box 78 - 50311  
WODANGA

NATIONAL GOVERNMENT  
CONSTITUENCY  
DEVELOPMENT FUND  
  
05 NOV 2025  
  
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*National Government Constituencies Development Fund (NGCDF)*  
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**13. Statement of Changes in Net Assets for the year ended 30 June 2025**

Description	Revaluation Reserves	Accumulated surplus/Deficit	Total
		Kshs	Kshs
<b>Fund Balance as at 30<sup>th</sup> June 2024</b>	52,889,319	-	52,889,319
<b>Adjustments</b>			-
Recognition of Assets	72,167,434		72,167,434
Recognition of Liabilities	1,484,033		1,484,033
<b>As at July 1, 2024</b>	123,572,720		123,572,720
			-
Surplus/(Deficit) For the Period	36,576,692		36,576,692
Revaluation Gain/Loss	-	-	-
<b>As at June 30, 2025 (current year)</b>	<b>160,149,411</b>	-	<b>160,149,411</b>

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

	Notes	2024-2025
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the NGCDF Board		184,713,134
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
<b>Total Receipts</b>		<b>184,713,134</b>
<b>Payments</b>		
Employee costs		5,319,039
Committee expenses		12,028,700
Use of Goods and Services		5,491,440
Other Government Units Certified Works		68,342,766
Other Grants and Transfers		61,626,206
Digital Hubs Expenses		-
<b>Total Payments</b>		<b>152,808,152</b>
<b>Net Cash Flows from/ (used in) Operating Activities</b>	30	<b>31,904,983</b>
<b>Cash flows From Investing Activities</b>		<b>275,007</b>
Purchase of PPE		-
Purchase of Intangible assets		-
Proceeds From Sale of PPE		275,007
<b>Net Cash Flows from Investing Activities</b>		<b>31,629,976</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		
<b>Cash Flows from Financing Activities</b>		
Lease Payment		-
<b>Net Cash Flows from Financing Activities</b>		<b>31,629,976</b>
Cash and cash equivalents at 1 July	19	67,886,869
<b>Cash and cash equivalents at 30 June</b>	19	<b>99,516,844</b>

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

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	A	B		C=(a+b)	D	e=(c-d)	f=d/c*100
	2024-2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024-2025	2024-2025		
<b>Revenue</b>	188,414,052	67,886,869	56,713,134	313,014,055	252,600,003	60,414,052	81%
Transfers From the NGCDF Board	-	-	-	-	-	-	
Transfers from domestic and foreign partners	-	-	-	-	-	-	
Finance income	-	-	-	-	-	-	
Miscellaneous income							
<b>Totals</b>	<b>188,414,052</b>	<b>67,886,869</b>	<b>56,713,134</b>	<b>313,014,055</b>	<b>252,600,003</b>	<b>60,414,052</b>	<b>81%</b>
<b>Expenses</b>							
Employee costs	5,316,738	3,547,827	-	8,864,565	5,319,039	3,545,526	60%
Committee expenses	4,224,000	47,580	-	4,271,580	12,028,700	(7,757,120)	282%
Use of Goods and Services	6,524,039	499,853	-	7,023,892	5,491,440	1,532,452	78%
Other Government Units Certified Works	103,949,785	56,666,265	55,849,944	216,465,994	68,617,773	147,848,221	32%
Other Grants and Transfers	65,399,490	5,069,041	863,190	71,331,721	61,626,206	9,705,515	86%
Digital Hubs Expenses	3,000,000	-	-	3,000,000	-	3,000,000	0%
Acquisition of Assets	-	2,056,303	-	2,056,303	-	2,056,303	0%

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	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		
Funds Pending Approval**	-			-		-	
Total Expenditure	188,414,052	67,886,869	56,713,134	313,014,055	153,083,159	159,930,896	49%
Surplus for the period	-	-	-	-	99,516,844	(99,516,844)	

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

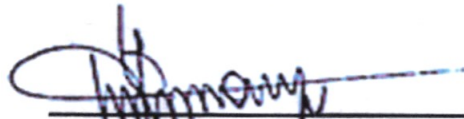
**National Government Constituencies Development Fund (NGCDF)  
Sabatia Constituency  
Annual Report and Financial Statements for The Year Ended June 30, 2025**

**Explanatory Notes.**

Other Government Units Certified Works (32%), Other Grants and Transfers (86%), Use of Goods and Services (78%), Employee cost (60%), Digital Hub (0%), Acquisition of asset (0%) arose due to late disbursement of funds from the exchequer.

<b>Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities</b>	
<b>Description</b>	<b>Amount</b>
Budget utilisation difference totals	159,930,896
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2025	60,414,052
Cash and Cash Equivalents at the end of the 30 <sup>th</sup> June 2025	<b>99,516,844</b>

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 \_\_\_\_\_ 2025 and signed by:

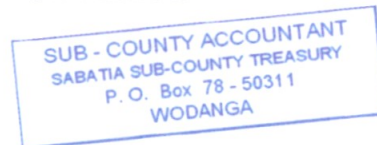
  
Fund Account Manager

Name: Gimonge M. Tom



  
National Sub-County Accountant

Name: Leah M. Barasa  
ICPAK M/No: 22552



  
Chairman NG-CDF Committee

Name: Wycliffe Muzozo Volemi

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

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>1.0 Administration and Recurrent</b>						
1.1 Compensation of employees	5,316,738	3,547,827	-	8,784,585	5,319,039	3,465,546
1.2 Committee allowances	2,424,000	-	-	2,424,000	2,410,200	13,800
1.3 Use of goods and services	2,969,113	265,902	-	3,235,015	2,888,280	346,735
<b>Sub-total</b>	<b>10,709,851</b>	<b>3,733,749</b>	<b>-</b>	<b>14,443,601</b>	<b>10,617,519</b>	<b>3,826,082</b>
<b>2.0 Monitoring and evaluation</b>				-		-
2.1 Capacity building	1,550,000	2,088	-	1,552,088	1,104,043	448,045
2.2 Committee allowances	1,800,000	47,580	-	1,847,580	9,618,500	(7,770,920)
2.3 Use of goods and services	2,004,926	231,863	-	2,236,789	1,499,117	737,672
<b>Sub-total</b>	<b>5,354,926</b>	<b>281,531</b>	<b>-</b>	<b>5,636,456</b>	<b>12,221,660</b>	<b>(6,585,204)</b>
<b>4.0 Emergency</b>				-		-
Unutilized	1,816,529	33,554	21,890	1,871,973	-	1,871,973

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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
LOGEMO PRIMARY SCHOOL	2,800,000	-		2,800,000	263,658	2,536,342
ONDEYO PRIMARY SCHOOL		1,800,000		1,800,000	1,624,868	175,132
KIVUYE PRIMARY SCHOOL	500,000	7,134		507,134	495,235	11,899
ISITSI PRIMARY SCHOOL	500,000	-		500,000	-	500,000
VIYALO Primary School	600,000	-		600,000	600,000	-
VIYALO PRY SCHOOL	1,600,000	773		1,600,773	1,050,715	550,058
EVOJO PRY SCHOOL	2,100,000	-		2,100,000	-	2,100,000
GAHUMBWA PRY SCHOOL		1,800,000		1,800,000	-	1,800,000
<b>Sub-total</b>	<b>9,916,529</b>	<b>3,641,461</b>	<b>21,890</b>	<b>13,579,880</b>	<b>4,034,476</b>	<b>9,545,404</b>
<b>5.0 Bursary and Social Security</b>				-		-
<b>5.1 Primary Schools</b>				-		-
5.2 Secondary Schools	24,582,961	284,481		24,867,442	32,501,790	(7,634,348)
5.3 Tertiary Institutions	24,000,000	255,988	-	24,255,988	23,995,150	260,838

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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
5.4 special needs	2,000,000	719,311		2,719,311	1,094,790	1,624,521
5.5 Education Support Programmes				-		-
5.6 Social Security				-		-
<b>Sub-total</b>	<b>50,582,961</b>	<b>1,259,780</b>	<b>-</b>	<b>51,842,741</b>	<b>57,591,730</b>	<b>(5,748,989)</b>
<b>7.0 Environment</b>				-		-
Bugina Secondary School			300,000	300,000	-	300,000
Kigama Secondary School			270,650	270,650	-	270,650
Wangulu Secondary School			270,650	270,650	-	270,650
Wakikuyu Catchment	100,000		-	100,000	-	100,000
Lunyerere River	100,000		-	100,000	-	100,000
Mambai Primary School	100,000		-	100,000	-	100,000
Chavakali Primary School	100,000		-	100,000	-	100,000
Viyalo Primary School	100,000		-	100,000	-	100,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Sub-total</b>	500,000	-	841,300	1,341,300	-	1,341,300
<b>8.0 Primary Schools Projects</b>				-		-
Maganyi primary School		3,401		3,401	1,191	2,210
Mulundu Primary School CDF A/C		1,054		1,054	-	1,054
Gaigedi primary School – CDF		3,948		3,948	-	3,948
Madegwa Primary School		5,899		5,899	-	5,899
Walodeya Primary school		4,260		4,260	1,816	2,443
Mulele Primary School		79,015		79,015	-	79,015
Mulele Primary School		189,848		189,848	379,696	(189,848)
Selelwe Primary school		12,829		12,829	-	12,829
Selelwe Primary school		94,671		94,671	189,342	(94,671)
Itegero Primary school		1,435		1,435	-	1,435
Chugi Primary School		1,849		1,849	-	1,849

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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
Kigulienyi Primary School		75,092		75,092	-	75,092
Hamadira Primary School CDF		82		82	-	82
Mudete Primary School		13,892		13,892	11,443	2,449
Wandega Primary School CDF		4,754		4,754	-	4,754
Lusengeli Primary school CDF		3,819		3,819	-	3,819
Chavakali Primary School.		1,000,000		1,000,000	-	1,000,000
Evojo Primary School		1,000,000	-	1,000,000		1,000,000
Kivagala Primary School		1,060	10,000,000	10,001,060	9,998,526	2,534
Galoni Primary School		279	10,000,000	10,000,279	9,993,385	6,894
Chavakali Junior Secondary School		10,720	1,500,000	1,510,720	1,433,950	76,770
Keveye Junior Secondary School		5,369	1,500,000	1,505,369	975,000	530,369
Hamuyundi Junior Secondary School		924	1,500,000	1,500,924	1,495,852	5,072
Chamakanga Special School		8,491	1,500,000	1,508,491	240	1,508,251

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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
Mambai Primary School		-	1,682,598	1,682,598	-	1,682,598
Mudungu Junior Secondary School		1,509,557	-	1,509,557	1,426,936	82,621
Chamasilihi Junior Secondary School	-	1,511,537	-	1,511,537	1,503,366	8,171
Elwunza Junior Secondary School		1,500,980	-	1,500,980	1,498,973	2,007
Bo Yusuf Junior Secondary School		6,173	1,500,000	1,506,173	1,495,726	10,447
Mbale Junior Secondary School		-	2,083,233	2,083,233	1,101,239	981,994
Wamage Junior Secondary School		-	1,500,000	1,500,000	-	1,500,000
Chandumba Junior Secondary School		-	1,500,000	1,500,000	-	1,500,000
Demesi Junior Secondary School		-	2,083,233	2,083,233	-	2,083,233
Kigama Junior Secondary School		3,371	1,500,000	1,503,371	1,495,000	8,371
Givudiany Junior Secondary School		-	1,500,000	1,500,000	-	1,500,000
Munoywa Junior Secondary School		5,502	1,500,000	1,505,502	1,433,943	71,559
Mutambi Junior Secondary School		1,743	1,500,000	1,501,743	1,495,126	6,617

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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
Kivuye Junior Secondary School		7,134	1,500,000	1,507,134	-	1,507,134
Galoni Primary School	10,000,000		-	10,000,000		10,000,000
Kivagala Primary School	10,000,000	-	-	10,000,000	-	10,000,000
Ondeyo Primary School	13,812,980	10,007,067	-	23,820,047	9,853,881	13,966,166
Sabatia Primary School	5,000,000	11,900,000	-	16,900,000	-	16,900,000
Mwilitsa Primary School	6,000,000	8,006,976	-	14,006,976	1,065	14,005,911
Havuyiya Primary School	6,000,000	9,000,000	-	15,000,000	-	15,000,000
Lyaduywa Primary School	1,500,000		-	1,500,000		1,500,000
Davanga Primary School	1,000,000		-	1,000,000		1,000,000
Endeli Primary School	1,800,000	7,548	-	1,807,548	1,631,610	175,938
Viyalo Primary School	1,500,000		-	1,500,000		1,500,000
Ikuvu Primary School	2,000,000		-	2,000,000		2,000,000
Lososi Primary School	2,000,000		-	2,000,000		2,000,000

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Wandega Primary School	1,000,000		-	1,000,000		1,000,000
Ikobero Primary School	2,000,000		-	2,000,000		2,000,000
Isitsi Primary School	1,500,000		-	1,500,000		1,500,000
Hakerongo Primary School	2,000,000		-	2,000,000		2,000,000
Ivona Primary School	1,800,000		-	1,800,000		1,800,000
Mukingi Primary School	2,000,000		-	2,000,000		2,000,000
Vihindi Primary School	1,500,000		-	1,500,000		1,500,000
Mudete Primary School	1,300,000		-	1,300,000		1,300,000
<b>Sub-total</b>	<b>73,712,980</b>	<b>45,990,277</b>	<b>43,849,064</b>	<b>163,552,321</b>	<b>47,417,307</b>	<b>116,135,014</b>
<b>9.0 Secondary Schools Projects (List all the Projects)</b>				-		-
Moi Girls Vokoli		-	880	880		880
Bukulunya Secondary School – CDF		57		57		57
Evojo PAG Secondary Sch – CDF		26,876		26,876		26,876

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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
Friends Kegondi Secondary – CDF		2,059		2,059		2,059
Ikobero Girls Secondary School		6,033		6,033		6,033
Jemovo Secondary School – CDF A/C		5,222		5,222		5,222
Wangulu Secondary School		151,372		151,372		151,372
Digula Secondary School		19,872		19,872		19,872
St Ursulas Chamakanga Girls School		14,397		14,397		14,397
Friends Technical Sec School		104,920		104,920		104,920
Friends School Kigama – CDF		12,164		12,164		12,164
Precious Kapsambo School CDF		11,489		11,489		11,489
Kisangula Sec School CDF		5,542		5,542		5,542
Bugina Secondary School		1,406	6,000,000	6,001,406	6,000,000	1,406
Chandumba Secondary School		26,876	6,000,000	6,026,876	4,647,097	1,379,779
Bugina Secondary School	9,000,000	2,477,321		11,477,321	3,827,068	7,650,253

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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
Igunga Secondary School	5,000,000	-		5,000,000		5,000,000
Lusengeli Secondary School	2,200,000	-		2,200,000		2,200,000
Chandumba Secondary School	4,036,805	-		4,036,805		4,036,805
Mukingi Secondary School	2,000,000	-		2,000,000		2,000,000
Hombala Secondary School	2,000,000	-		2,000,000		2,000,000
						-
<b>Sub-total</b>	<b>24,236,805</b>	<b>2,865,605</b>	<b>12,000,880</b>	<b>39,103,290</b>	<b>14,474,165</b>	<b>24,629,125</b>
<b>10.0 Tertiary institutions Projects (List all the Projects)</b>						
Kenya Medical Training College - Vihiga..	-	7,810,383	-	7,810,383	6,726,302	1,084,082
Kenya Medical Training College - Vihiga..	6,000,000	-	-	6,000,000		6,000,000
<b>Sub-total</b>	<b>6,000,000</b>	<b>7,810,383</b>	<b>-</b>	<b>13,810,383</b>	<b>6,726,302</b>	<b>7,084,082</b>
<b>11.0 Security Projects</b>						
Lunyerere Administration						

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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
Police Camp		15,179	-	15,179		15,179
Itegero Sub – Location Project Management		3,993	-	3,993	-	3,993
Mbale Sublocation Proj Management		9,070		9,070	-	9,070
Mulundu Sub location ass chief		29,453		29,453	-	29,453
Hamuyundi Sub – Location Development		3,895		3,895	-	3,895
Gaigedi Sublocation Project		6,212		6,212	-	6,212
Kisatiru Assistant Chiefs Office.	1,400,000		-	1,400,000		1,400,000
Chamakanga Assistant Chiefs Office.	1,500,000		-	1,500,000		1,500,000
Walodeya Assistant Chiefs Office.	1,500,000		-	1,500,000		1,500,000
				-		-
<b>Sub-total</b>	<b>4,400,000</b>	<b>67,800</b>	<b>-</b>	<b>4,467,800</b>	<b>-</b>	<b>4,467,800</b>
<b>12.0 Acquisition of assets</b>				<b>-</b>		<b>-</b>
<b>12.1 Motor Vehicles (including motorbikes)</b>		<b>55,000</b>		<b>55,000</b>		<b>55,000</b>

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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
12.2 Purchase of furniture and fittings				-		-
12.3 Construction of CDF office	-	2,001,303		2,001,303		2,001,303
12.4 Purchase of Equipments			-	-		-
<b>Sub-total</b>	-	<b>2,056,303</b>	-	<b>2,056,303</b>	-	<b>2,056,303</b>
13.0 Others				-		-
13.1 Strategic Plan	-	100,000	-	100,000	-	100,000
13.2 Innovation Hub	3,000,000			3,000,000		3,000,000
<b>Sub-total</b>	<b>3,000,000</b>	<b>100,000</b>	-	<b>3,100,000</b>	-	<b>3,100,000</b>
Funds pending approval**				-		-
unapproved projects			-	-		-
AiA	-			-		-
<b>Sub-total</b>	-	-	-	-	-	-
<b>Total</b>	<b>188,414,052</b>	<b>67,886,869</b>	<b>56,713,134.00</b>	<b>313,014,055</b>	<b>153,083,159</b>	<b>159,930,896</b>

## **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 Sabatia Constituency principal activity is to fund and implement grassroots development projects in education, security, and Bursary grant to needy and vulnerable students.

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

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

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

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

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

*The recognition of all other non-financial assets acquired prior to the 2023/2024 financial year will be undertaken in the third year of the transition period, after the necessary identification and valuation processes have been completed.* The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NG-CDF. The financial statements have been prepared in accordance with the PFM Act, the NGCDF Act *(include any other applicable legislation)*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

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

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

*iii. Early adoption of standards*

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

#### 4. Summary of Significant Accounting Policies

##### a) Revenue recognition

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

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

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

##### ii) Revenue from exchange transactions

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

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

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

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

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

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



**b) Budget information**

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

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

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

**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-

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exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

<b>Rates of Depreciation</b>	<b>Rates</b>
Buildings	2%
Motor vehicles	25%
Infrastructure assets	20%
Furniture and fittings	12.5%
Computers & ICT Equipment	30%

**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

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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. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial assets**

**Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

### **Trade and other receivables**

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

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

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

### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 18*

### **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 labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

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

#### **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 recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

#### **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.

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**6. Transfers from the NGCDF Board**

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

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

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

**8. Finance income**

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

**9. Miscellaneous income**

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

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**10. Employees cost**

	<b>2024-2025</b>
	<b>Kshs</b>
NG-CDFC Basic staff salaries	4,034,239
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	-
Gratuity to contractual employees	1,007,580
Employer Contributions Compulsory national social security schemes	214,943
Employer Contributions Compulsory Housing levy	54,428
Employer contributions to National Industrial Training Authority	7,850
Other Specify	-
<b>Total</b>	<b>5,319,039</b>

**11. Committee Expenses**

	<b>2024-2025</b>
	<b>Kshs</b>
Sitting allowance	2,410,200
Other Committee expenses	9,618,500
<b>Total</b>	<b>12,028,700</b>

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**12. Use of Goods and services**

	<b>2024-2025</b>
	<b>Kshs</b>
Utilities, supplies and services	54,400
Communication, supplies and services	93,010
Domestic travel and subsistence	-
Printing, advertising and information supplies & services	-
Office Rent	-
Training expenses	1,104,043
Hospitality supplies and services	-
Insurance costs	102,708
Specialized materials and services	-
Office and general supplies and services	2,688,470
Fuel, oil & lubricants	300,000
Bank charges	52,400
Routine maintenance – vehicles and other transport equipment	213,448
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	-
<b>Total</b>	<b>4,608,479</b>

**13. Other Government Units Actual expenditure**

<b>Description</b>	<b>2024-2025</b>
	<b>Kshs</b>
Primary Schools Actual expenditure	46,848,269
Secondary Schools Actual expenditure	14,483,677
Tertiary Institutions Actual expenditure	6,726,302
<b>Total</b>	<b>68,058,247</b>

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

	<b>2024-2025</b>
	<b>Kshs</b>
Bursary – secondary schools	32,501,790
Bursary – tertiary institutions	23,995,150
Bursary – special schools	1,094,790
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	-
Climate change mitigation projects	-
Emergency projects Actual expenditure	4,034,476
Roads projects Actual expenditure	-
Others specify	-
<b>Total</b>	<b>61,626,206</b>

**15. Depreciation and Amortization Expenses**

Description	<b>2024 – 2025</b>
	<b>Kshs</b>
Property Plant and Equipment	196,690
Intangible Assets	-
<b>Total</b>	<b>196,690</b>

**16. Digital Hubs Expenses**

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

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

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

**18. Impairment Loss**

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

**19. Cash and Cash Equivalents**

Name Of Bank and Account No.	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Bank Accounts (Cash Book Bank Balance)</b>		
<i>Sabatia Constituency Development Fund KCB Account no. 1102377678 (Operations account)</i>	12,993,193	52,889,319
<i>Operations account pending closure</i>	-	-
<i>Sabatia NG – CDF Deposit Account Equity bank account No. 0960285265192 (Deposit account)</i>	1,199,514	1,199,514
<i>PMC accounts</i>	85,324,138	13,798,036
<b>Total</b>	<b>99,516,844</b>	<b>67,886,869</b>
<b>Cash Balances</b>		
Location 1	-	-
Location 2	-	-
Other Locations <i>(Specify)</i>	-	-
<b>Total</b>	-	-
<i>[Provide Cash Count Certificates for Each]</i>		

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**20. Receivables from Exchange Transactions**

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

**i. Ageing Analysis for Receivables**

Description	2024 – 2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	100%

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

Description	2024-2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	60,414,052		56,713,134	
Outstanding imprest	-		-	
<b>Total</b>	<b>60,414,052</b>		<b>56,713,134</b>	
<b>Ageing Analysis- Receivables from non-exchange transactions</b>	Insert	% of the total	Opening Balance	% of the total
Less than 1 year	60,414,052	100%	56,713,134	100%
Between 1-2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>60,414,052</b>	<b>100%</b>	<b>56,713,134</b>	<b>100%</b>

**22. Prepayments**

Description	FY 2024 – 2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	882,961	-
Prepaid Electricity Costs	-	-
Other Prepayments ( <i>Specify</i> )	-	-
<b>Total</b>	<b>882,961</b>	<b>-</b>

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**23. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation Rate(specify)		2%	25%	12.5%	30%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 <sup>st</sup> July 2024	-	-	609,000	-	-	-	-	609,000
Additions	-	-	-	-	275,007	-	-	275,007
Disposals	(-)	(-)	-	-	-	(-)	(-)	(-)
Transfer/Adjustments	(-)	(-)	-	-	(-)	(-)	-	(-)
<b>As At 30<sup>th</sup> June 2025</b>	-	-	609,000	-	275,007	-	-	884,007
<b>Depreciation And Impairment</b>								
Opening Depreciation		-	152,250	-	-	-		152,250
Depreciation	-	(-)	114,188	(-)	82,502	(-)	-	196,690
Disposals	-	-	-	-	-	-	-	-
Impairment	-	(-)	-	-	-	(-)	-	(-)
Transfer/Adjustment	-	-	-	(-)	-	(-)	(-)	-
<b>As At 30<sup>th</sup> June 2025</b>		-	266,438	-	82,502	-	-	348,940
<b>Net Book Values</b>								
Opening Bal as at 1 <sup>st</sup> July 2024	-	-	456,750	-	-	-	-	456,750
<b>As At 30<sup>th</sup> June 2025</b>	-	-	342,563	-	192,505	-	-	535,067

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**Valuation**

Land and buildings/ Equipment (be specific) were valued by in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30<sup>th</sup> June 2020). These amounts were adopted on 30<sup>th</sup> June 2025.

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

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	609,000	266,438	342,563
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
<b>Total</b>	<b>609,000</b>	<b>266,438</b>	<b>342,563</b>

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

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

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As At 30 June 2025 (Current FY)	-	-	-	-
As At 30 June 2024. (Comparative Period)	-	-	-	-

**26. Trade and Other Payables**

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

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**27. Third-Party deposits**

	<i>2024-2025</i>	<i>2023-2024</i>
	<b>KShs</b>	<b>KShs</b>
Retention as at 1 <sup>st</sup> July 2024 (A)	284,519	-
Retention held during the year (B)	1,483,566	284,519
Retention paid during the Year (C)	1,768,085	-
<b>Closing Retention as at 30<sup>th</sup> June 2025 D= A+B-C</b>	<b>-</b>	<b>284,519</b>

**Retentions aging analysis.**

	<b>Insert Current FY</b>	<b>% of the total</b>	<b>Insert Comparative FY</b>	<b>% of the total</b>
Less than 1 year	-	%	284,519	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>-</b>		<b>284,519</b>	<b>100%</b>

**28. Lease Liabilities**

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

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**Maturity Analysis**

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

**Analysed as:**

Description	Amount
Current	-
Non- Current	-
Total	-

**29. Gratuity Provision**

Description	2024- 2025	2023- 2024
	Kshs	Kshs
Gratuity at the beginning of the year 1 <sup>st</sup> of July	1,199,514	-
Gratuity held during the year	1,007,580	1,199,514
Gratuity paid during the year	(1,007,581)	-
<b>Total Gratuity Provision 30th June (A+B-C)</b>	<b>1,199,514</b>	<b>1,199,514</b>

**30. Cash Generated from Operations**

	<b>FY 2024- 2025</b>
	<b>Kshs</b>
<b>Surplus/Deficit for the year</b>	36,576,692
<b>Adjusted for:</b>	
Depreciation	196,690
Impairment	-
Gains and losses on disposal of assets	(-)
<b>Working capital adjustments</b>	
Increase/decrease in receivables	(4,583,880)
Increase/decrease in payables	284,519
<b>Net cash flow from operating activities</b>	<b>31,904,983</b>

**31. Financial Risk Management**

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

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**i) Credit risk**

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

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025 (Current FY)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	60,414,052	60,414,052	-	-
Bank balances	99,436,864	99,436,864	-	-
<b>Total</b>	<b>159,850,916</b>	<b>159,850,916</b>	-	-
<b>As at 30 June 2024 (Previous FY)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	56,713,134	56,713,134	-	-
Bank balances	67,806,889	67,806,889	-	-
<b>Total</b>	<b>124,520,023</b>	<b>124,520,023</b>	-	-

### **Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from 30<sup>th</sup> June 2025. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### **ii) Liquidity risk management**

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025 (Current FY)</b>				
Trade payables	-	-	-	-
Current poportion of borrowings	-	-	-	-
Retention Provisions	-	-	1,199,514	1,199,514
Deferred income	-	-	-	-
Gratuity Provision	-	-	-	-
<b>Total</b>	-	-	<b>1,199,514</b>	<b>1,199,514</b>
<b>As at 30<sup>th</sup> June 2024 (Previous FY)</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Retention Provisions	-	-	1,199,514	1,199,514
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	-	-	284,519	284,519
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	<b>1,404,053</b>	<b>1,404,053</b>

**iii) Market risk**

The *Sabatia Constituency* has put in place an internal audit function to assist it in assessing the risk faced by the *Sabatia Constituency* 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**

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

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**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025 (Current FY)</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Foreign currency sensitivity analysis**

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025 (Current FY)</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

## Financial Risk Management

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

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>2024 – 2025</b>			
Euro	N/A	-	-
USD	N/A	-	-
<b>2023 – 2024</b>			
Euro	N/A	-	-
USD	N/A	-	-

### b) Interest rate risk

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

### Management of interest rate risk

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

### Sensitivity analysis

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

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

**Fair value of financial assets and liabilities**

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

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

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

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

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

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2025 (Current FY)</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	N/A	N/A	N/A	N/A
<b>Non- Financial Assets</b>	N/A	N/A	N/A	N/A
Investment Property	N/A	N/A	N/A	N/A
Land And Buildings	N/A	N/A	N/A	N/A

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<b>Total</b>	N/A	N/A	N/A	N/A
<b>As at 30<sup>th</sup> June 2024 (Previous FY)</b>	N/A	N/A	N/A	N/A
<b>Financial Assets</b>				
Quoted Equity Investments	N/A	N/A	N/A	N/A
<b>Non- Financial Assets</b>	N/A	N/A	N/A	N/A
Investment Property	N/A	N/A	N/A	N/A
Land And Buildings	N/A	N/A	N/A	N/A
<b>Total</b>	N/A	N/A	N/A	N/A

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

**iv) Capital Risk Management**

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

Description	2024 – 2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	160,069,431	123,492,740
Capital Reserve	-	-
<b>Total Funds</b>	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	99,436,864	67,806,889
Net Debt/(Excess Cash And Cash Equivalents)	-	-
<b>Gearing</b>	<b>62%</b>	<b>55%</b>

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**32. Related Party Disclosures**

	2024 – 2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Committee Members Remuneration</b>		
Sitting allowance of committee Members during the year	2,410,200	1,910,575
<b>Transaction with the NGCDF Board</b>		
Transfers from the NGCDF Board during the year	184,713,134	217,049,053
<b>Total</b>	<b>187,123,334</b>	<b>218,959,628</b>

**33. Segment Information**

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

**34. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

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

**Contingent Liabilities**

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

**35. Capital Commitments**

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

**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 Sabatia 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.

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	21,500,000	-	-	21,500,000
Transport equipment	10,345,000	-	-	10,345,000
Office equipment, furniture, and fittings	597,300	-	-	597,300
ICT Equipment and Other ICT Assets	1,904,976	275,007	-	2,179,983
Other Machinery and Equipment	20,849	-	-	20,849
Intangible assets	-	-	-	-
<b>Total</b>	<b>34,368,125</b>	<b>275,007</b>	<b>-</b>	<b>34,643,132</b>

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

PMC	Bank	Account number	Bank Balance 2024- 2025	Bank Balance 2023- 2024
Boyusuf Pry Sch CDF	KCB	1146538286	10,447	6,173
Bugina Sec School Cdf	KCB	1233946714	7,950,253	2,477,321
Bukulunya Secondary School – CDF	KCB	1117791130	57	57
Chamasilihi Pry Sch NGCDF	KCB	1267421851	8,171	11,537
Chavakali Primary School	KCB	1117742709	76,770	10,720
Chugi Primary School	KCB	1285629329	1,849	1,849
Digula Secondary School	Equity	0960299470512	5,095	14,397
Elwunza Pry Sch CDF	KCB	1121433227	2,007	980
Endeli Pry Sch	KCB	1137954329	175,938	7,548
Evojo PAG Secondary Sch – CDF	KCB	1183510535	2,059	2,059
Friends Kegondi Secondary – CDF	KCB	1237857899	6,033	6,033
Friends School Chandumba – Bus Acc	KCB	1177871513	1,379,779	26,876
Friends School Kigama – CDF	KCB	1234894572	282,139	11,489
Friends Technical Sec School	KCB	1122304390	12,164	12,164
Gaigedi Sublocation Project	KCB	1321651732	6,212	6,212
Hamuyundi Pry	KCB	112644417	5,072	924
Hamuyundi Sub – Location Development	KCB	1279457317	3,895	3,895
Itegero Primary school	KCB	1319880339	1,435	1,435

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PMC	Bank	Account number	Bank Balance 2024- 2025	Bank Balance 2023- 2024
Itegero Sub – Location Project Management	KCB	1321510640	3,993	3,993
Jemovo Secondary School – CDF A/C	KCB	1109375344	151,372	151,372
Keveye Pry cdf	KCB	1238340911	530,369	5,369
Kigama Pry Sch PMC	KCB	1319491286	8,771	3,371
Kigulienyi Primary School	KCB	1126679917	75,092	75,092
Kivagala Pry School	Equity	0960297273667	10,002,534	1,060
KMTC VIHIGA PMCT	KCB	1288090951	1,084,082	310,383
Maganyi Primary School	KCB	1201373239	2,210	3,401
Mudungu Pry Sch CDF	KCB	1121459374	82,621	9,557
Munoywa Pry Sch CDF	KCB	1236825608	71,559	5,502
Mutambi Pry Sch	KCB	1113518561	6,617	1,743
Mwilitsa Primary Scool	KCB	1136972137	8,005,911	6,976
Ondeyo Primary School CDF	KCB	1136754938	14,141,298	10,007,067
Precious Kapsambo School Cdf	KCB	1167449010	5,542	5,542
Rev Moses Akaranga Pri Sch Egaloni	KCB	1285550722	6,894	279
Selelwe Primary school	KCB	1236592182	12,829	106,960
St Ursulas Chamakanga Girls School	KCB	1265201528	104,920	104,920
St Ursulas Special Sch Chamakanga	KCB	1239887434	1,508,251	8,491
Viyalo Primary Scool	KCB	1152498940	550,058	773

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PMC	Bank	Account number	Bank Balance 2024- 2025	Bank Balance 2023- 2024
Walodeya Primary school	KCB	1292782986	2,443	4,260
Walodeya Sub-Location ass Chief	KCB	1321523769	960	960
Wandega Primary School Cdf	KCB	1151252468	4,754	4,754
Wangulu Secondary School	Equity	0960295120315	290,522	19,872
HAVUYIYA PRIMRY SCHOOL PMC	Equity	0960285851460	9,000,000	-
SABATIA PRIMRY SCHOOL PMC	Equity	0960285852211	11,900,000	-
EVOJO PRIMARY SCHOOL NG Cdf	KCB	1136634398	2,100,000	-
GAHUMBWA PRIMARY SCHOOL Cdf	KCB	1267160292	1,800,000	-
WAMAGE PRI SCHOOL	KCB	1267240123	1,500,000	-
DEMESI PRIMARY SCHOOL	KCB	1267240123	2,083,233	-
MAMBAI PRI SCHOOL	KCB	126274054	1,682,598	-
LOGEMO PRIMARY SCHOOL	ABSA	123567	2,541,631	-
GIVUDIANYI PRI SCHOOL	KCB	1268205795	1,500,000	-
CHANDUMBA PRI SCHOOL	KCB	1268249325	1,500,000	-
ISITSI PRIMARY SCHOOL	KCB	135679313	500,000	-
Gaigedi primary School – CDF	KCB	1321719639	3,948	3,948
Hamadira Primary School Cdf	KCB	1236856082	82	82
Ikobero Girls Secondary School	KCB	1109452160	5,222	5,222
Kisangula Sec School Cdf	KCB	1234002493	1,406	1,406

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<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2024- 2025</b>	<b>Bank Balance 2023- 2024</b>
Kisatiru Sub location Ass chief	KCB	1321798555	4,293	4,293
Kivuye Pry School	Equity	0960299758850	1,511,899	7,134
Lusengeli Primary school CDf	KCB	1319610714	3,819	13,892
Mudete Primary Schhool	KCB	1318569559	2,449	
Mbale Pry Sch	KCB	1264895001	981,994	
Madegwa Primary School	KCB	1234277522		5,899
Mbale Sublucation Proj Management	KCB	1321530889	9,070	9,070
Mulele Primary School	KCB	1146569920	79,015	266,088
Mulundu Primary School CDF A/C	KCB	1121375383	1,054	1,054
Mulundu Sub location ass chief	KCB	1321739745	29,453	29,453
<b>Total</b>			<b>85,324,138</b>	<b>13,790,902</b>

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><b>Unsupported Bursaries Under Other Grants and Transfers:</b>                      The statement of receipts and payments reflects an amount of Kshs.86,631,275 in respect of other grants and transfers. However, the ledger and schedules provided for audit revealed that transfers of bursaries to secondary schools, tertiary institutions and special schools amounting to Kshs.25,025,186, Kshs.20,023,400 and Kshs.1,697,889 respectively totaling to Kshs.46,747,275 resulting to unsupported balance of Kshs.39,884, 000.                      In the circumstances, the accuracy and completeness of the other grants and transfers in respect to bursaries amounting to</p>	<p>Management has provided the Acknowledgement receipt, minutes and resolution and bursary list for the audit review</p>	<p>Not Resolved</p>	<p>December 2025</p>

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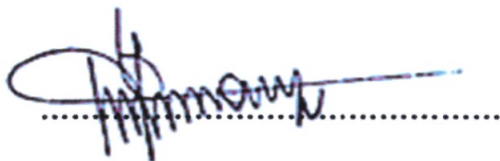
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Kshs.86,631,275 could not be confirmed.			
2	<p><b>Unsupported Expenditure on Fuel, Oil and Lubricants:</b>            The statement of receipts and payments reflects an amount of Kshs.6,110,097 in respect of use of goods and services as disclosed in Note 6 to the financial statements which includes an amount of Kshs.600,000 in respect of fuel, oil and lubricants procured. However, the amount was not supported by fuel statements from the supplier and detail orders to show how the fuel was drawn.            In the circumstances, the accuracy and completeness of the fuel, oil and lubricants amount of Kshs.600,000 could not be confirmed.</p>	The management has attached fuel statement, LPO and detail orders for audit review. Annex 4	Not Resolved	December 2025
3	<p><b>Budgetary Control and Performance:</b> The summary statement of appropriation reflects final receipts budget and actual on a Comparable basis of</p>	Sabatia NG-CDF management acknowledges that underfunding and underperformance	Not Resolved	December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Kshs.313,490,445 and Kshs.256,777,311 respectively resulting to an under-funding of Kshs.56,713,134 or 18% of the budget. Similarly, the Fund expended Kshs.203,887,992 against an approved budget of Kshs.313,490,444 resulting to an under-expenditure of Kshs. 109,602,452 or 35% of the budget.	have been significant challenge in recent times. These issues are primarily a result of delayed disbursements from the Board, which have had a direct negative impact on our ability to deliver essential services and projects to the residents of Sabatia Constituency		
4	<b>Fixed Assets Management:</b> Annex 4 to the financial statements reflects a summary of non-current assets register with historical cost of Kshs. 34, 368, 125. However, review of the asset register provided for audit revealed that some details of assets were not given/disclosed in the fixed assets Register like tag and serial numbers, location and Chassis numbers for motor vehicles. Further, the Constituency	Management has successfully updated the asset register in accordance with the required regulations. The updated register now include essential details such as serial numbers, vehicle chasis numbers, and logbook for both motor vehicle and Motorcycle.	Not Resolved	December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	Development Fund offices are built on land of undetermined value whose ownership documents were not provided for audit. Further, no evidence was provided to show that whether the assets were insured in the name of the Board. In the circumstances, ownership of the land and effectiveness of internal controls on management of assets could not be confirmed.			



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 Fund Account Manager.  
 Sabatia

NATIONAL GOVERNMENT  
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 DEVELOPMENT FUND

05 NOV 2025

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