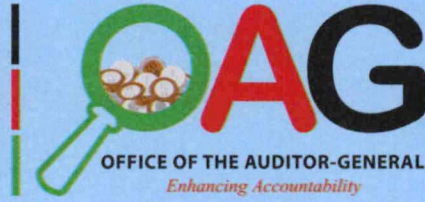
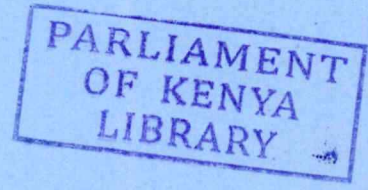


REPUBLIC OF KENYA



REPORT




OF

THE AUDITOR-GENERAL

ON

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

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

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



Revised 30th June 2025



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

KHWISERO CONSTITUENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2025

Transitional IPSAS Financial Statements

National Government Constituencies Development Fund (NGCDF)
Khwisero 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;

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- 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 Khwisero Constituency's day-to-day management is under the following key organs:

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

Fiduciary Management

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

No	Designation	Name
1.	AIE holder	Mr. Bernard Shiholo Misiko
2.	National Sub-County Accountant	Dr. Paul Okoth Onono
3.	Chairman NGCDFC	Mr. Daniel Seth Sumba
5.	Member NGCDFC	Mrs. Rose A. Ombewa (Signatory to Deposit Account)

(c) Fiduciary Oversight Arrangements

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

(d) NGCDF Khwisero Constituency Headquarters

NGCDF Building
Khwisero- Eshibinga Road
Khwisero, KENYA.

(e) NGCDF Khwisero Constituency Contacts

P.O. Box 124 – 50135 KHWISERO
Telephone: (254) 722269298
E-mail: cdfkhwisero@ngcdf.go.ke
Website: www.go.ke

(f) NGCDF Khwisero Constituency Bankers

1. Operations Account
Equity Bank, Mumias Branch.
P.O. Box 606 – 50102,
Mumias.
2. Deposit account
Equity Bank, Mumias Branch.
P.O. Box 606 – 50102,
Mumias.
3. PMC Accounts
Equity Bank, Mumias Branch.
P.O. Box 606 – 50102,
Mumias.
KCB Bank, Mumias Branch
P. O Box 193 – 50102,
Mumias.

(g) Independent Auditor





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

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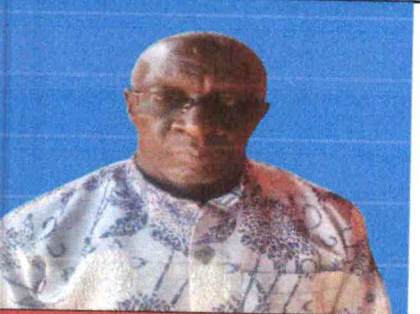


(h) Principal Legal Adviser

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

3. NGCDF Committee

Name	Details
	<p>Mr. DANIEL SETH SUMBA – Born in 1981. Has a Masters in Human Resource Management (Kenya Methodist University) and a Diploma in Business Management (KIM) Has an undergraduate degree in Law (Moi University). He is a businessman with over 10 years experience in public service. Served as the Male adult representative and the Chairperson to the Khwisero NG-CDF Committee for two terms from 2020 to 2025.</p>
	<p>Mr. CONRAD EYALIRA LUKANIA – Born 1994. Has a BSc. Degree in Agro Forestry & Rural Development (University of Kabianga). Currently pursuing a Bachelor of Law degree (UON). Served as the Male youth representative and the secretary to the NG-CDF Committee.</p>
	<p>Mr. ROBERTS OCHAMI MAYIENGA – Born 1951. Has a PI Certificate, Primary Education from Kagumo TTC. Retired as a School Head teacher, having served for 33years (30 years as head teacher and 3 years as deputy). Served as the PWD representative.</p>
	<p>Mr. STEPHEN TUTI OMBWENYA – Born in 1975. Has a KCSE Certificate (C+). He is a Businessman. Served as a nominee of the Constituency to the NG-CDF Committee.</p>

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	<p>Mrs. ROSE A. OMBEWA – Born in 1976. Has a KCSE Certificate, a Diploma in Professional Counseling & Social Care (Kenya Institute of Professional Counseling). She earns her living from farming. Served as A Female Adult representative to the NG-CDF Committee.</p>
	<p>Ms. ABGAEL OLUKASI OKWAKO – Born 1997. Has a Certificate in Early Childhood Development & Education. Currently pursuing a Certificate course in ICT (Khwisero Technical & Vocational College). Served as a Female youth representative to the NG-CDF Committee</p>
	<p>Mr. GEOFFREY ANYANGU AYUKU – Born 1966. Has a Diploma in Information Studies (Sigalagala National Polytechnic). He is a businessman. Served as a co-opted member to the NG-CDF Committee for three terms from 2017-2025.</p>
	<p>Mrs. CHRISTINE AGISO – Born 1978. Has a KCPE certificate. She is a farmer. Served as a nominee of the Constituency to the NG-CDF Committee.</p>
	<p>Mr. JOHN ASHIOYA – Born 1972. Holds a KCSE certificate He is a Pastor. Serves as a co-opted member to the NG-CDF Committee.</p>

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	<p>Mr. PATRICE ASHILAKA – Born 1968. He holds o’level certificate from Teacher training college with over 33 years experience as a teacher. Retired teacher. Serves as a Male Adult representative to the NG-CDF Committee</p>
	<p>Ms. DORIS ASEKA – Born 1998. She holds a KCSE. She has no work experience. Serves as a Female youth representative to the NG-CDF Committee.</p>
	<p>Mrs. ROSELYNE WAMALWA MUSUNDI. Born 1964. She holds o’level certificate. Serves as Female youth representative to the NG-CDF Committee</p>
	<p>Mr. JACKSON OLOO –Born in 1978. He holds a masters degree in project planning and management with over 17 years experience in public administration. He is currently serving as a Deputy County Commissioner Khwisero Sub County. He is a member of NG-CDF Committee as a government official.</p>
	<p>Mr. BERNARD SHIHOLO MISIKO – Born 1968. Has a Master’s degree in Project Management (JKUAT) with over 17 years experience in public service. He is currently serving as a Fund Account Manager at the NG-CDF Board, Khwisero Constituency. He is a member of NG-CDF Committee as an Officer of the Board and an Ex-officio.</p>

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(List the NG CDFC members who exited during the financial year and the period they served.):

1. Daniel Seth Sumba (Chairman). Has exited at the end of the financial year. He had served for two (2) terms – 2020 to 2025.
2. Geoffrey Anyangu Ayuku (Co-opted Member). Has exited at the end of the financial year after serving for three (3) terms – 2017 to 2025.
3. Abgael Olukasi Okwako (Female Youth). Has exited at the end of the financial year after serving one (1) term – 2022 to 2025.
4. Christine Agiso (Constituency Female Nominee). Has exited at the end of the financial year after serving one (1) term – 2022 to 2025.

4. NG-CDF Chairman's Report



Mr. Daniel S. Sumba
Khwisero NG-CDF Chairman

On behalf of Khwisero NG - CDF Committee, it gives me pleasure to present annual reports and unaudited Financial Statements for 2024/2025 financial year ended June, 30th 2025.

Financial Performance

During the financial year under review (2024/2025), our constituency received a total allocation of Ksh. **170,469,857** of which only Ksh. **156,000,000** was disbursed and utilized by the close of financial year. The NGCDF Board still owes the constituency Ksh. **14,469,857** as at 30th June 2025.

Additionally, the constituency received our balance under 2023/2024 financial year allocation of **20,850,242** in August and October 2024. Therefore, all the received funds were utilized within the financial year under review.

During the 2024/2025 financial year the Committee conducted a robust public participation exercise to listen to the public project proposals in all the four wards in the constituency. All the approved projects are being implemented, although at different levels.

The table below shows expenditure per sector on comparable basis over the two years.

Sector	2024/2025	2023/2024
Bursary		
i) Secondary Schools	55,418,008	38,701,575
ii) Tertiary Institutions	10,560,000	8,998,000
iii) Special Institutions	497,000	445,000
Sports	0	1,500,000
Emergency Funding	3,484,606	14,883,633

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Primary Schools	63,189,816	34,149,944
Secondary Schools	32,523,710	75,530,000
Security Projects	6,147,086	7,600,000
Compensation of Employees	4,364,159	4,061,093
Use of Goods & Services	6,955,300	11,998,630
Other Payments	0	5,161,828
	183,139,685	203,029,703

On comparable basis for the two financial years, expenditure per sector was as indicated in the bar graph shown.

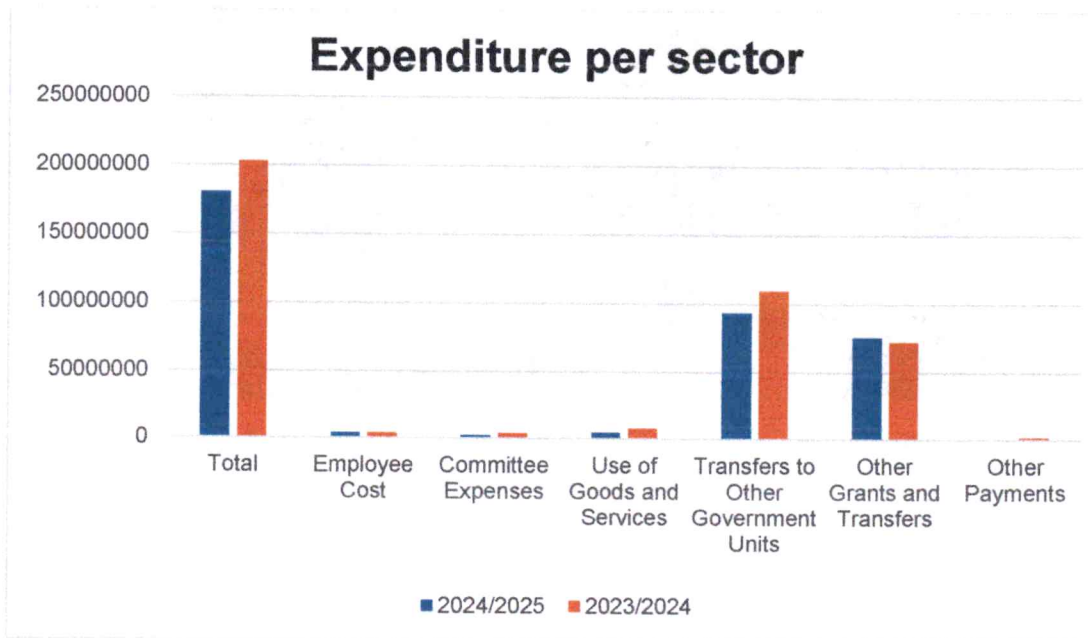


Figure 1: A Bar graph representing expenditure in two years on comparable basis

Whereas we received a total of **Ksh. 176,850,242** during the financial year under review, we received **Ksh. 203,756,894** in the previous financial year, 2023/2024.

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During the financial year under review, Khwisero NGCDF Committee achieved quite a lot, key among them are listed below;

- I. Khwisero NGCDF funded construction of storey buildings that reduced the challenges of lack of enough classrooms and science laboratories that the various school were facing more so the Junior Secondary Schools.
- II. Bursaries were issued to over 10,000 needy students across the constituency.

Key Achievements

The following are some of the projects that Khwisero NGCDF Committee implemented during the financial year 2024-2025;

Attached are photographs of the works done:



Assistant Chief's Office, Mulwanda – Construction of an Administration block.
-Complete, handed over and in use. This provides a conducive working environment to the administration as they serve the constituents.



Emwiru Mixed Secondary School - Construction of 6no.classrooms.

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-Complete, handed over and in use. The storey block provides an ideal learning area to the students as it helps to decongest learners in single classroom and also provides an ideal working environment for the school administration. It also maximizes on the available parcel of land.



Khwisero Girls' Secondary School - Construction of a storey building comprising of Administration Block, 1no.classroom, Computer Laboratory and Library. The school funded an extra floor. Complete and handed over for use.

The storey block provides an ideal learning area to the students as it helps to decongest learners in single classroom and also provides an ideal working environment for the school administration.

It also maximizes on the available parcel of land



Mwihila Boys' High School - Construction of a Multipurpose Hall with Kitchen and Verandah.

Emerging issues related to the entity

During the financial year under review, the following were the emerging issues that the NG-CDFC handled;

1. With domicile of junior secondary school in primary, the committee had to shift attention to JSS and construct additional classrooms and science laboratories. During the FY 2024/2025 the Committee funded for the construction of six storey buildings in primary schools to cater for the JSS.
2. The introduction of Electronic Government Procurement System necessitated for the training of our staff.

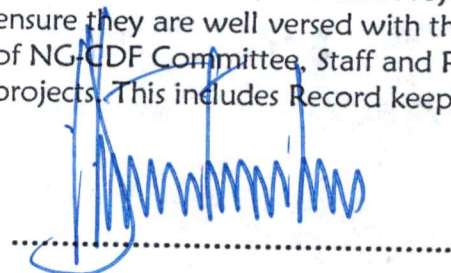
Challenges & possible measures

Some of the major challenges faced by the Fund include

1. Slow disbursement of funds from the NG-CDF Board.
This financial year, the NG-CDF Board did not release all our budgetary allocation by June, 2025.
2. Over-dependence on NG-CDF kitty by the constituents. Since these funds are received as grants, all constituents expect to benefit e.g. bursary, even if they are financially better off. The constituents expect everything to be done from NG-CDF kitty.
3. Political interference is another challenge in the management of the kitty. Some constituents are always negative because of political dynamics. We always encourage the use of Complaints/suggestion box so that it is official. Those who do not benefit in any way take it political.
4. Decision making is tricky in the committee meetings. This is because each of the members has a particular interest for their ward.
5. In most cases, members elected to the Project Management Committees (PMCs) have no knowledge in Projects Management.

Way forward

1. The NG-CDF Board should ensure timely disbursements of funds.
2. The NGCDF Board needs to lobby for increase of funding to every constituency, additionally, the various institutions need to lobby for funding from other agencies including the NGOs to avoid overreliance on the NGCDF funding.
3. Constant NG-CDFC, staff and Project Management Committees(PMCs) trainings to ensure they are well versed with their roles and mandate. Through continued trainings of NG-CDF Committee, Staff and PMCs, they acquire the basic skills to manage their projects. This includes Record keeping.



Name: Daniel S. Sumba
Chairman NGCDF Committee

5. Statement Of Performance Against Predetermined Objectives for FY2024/2025

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 Khwisero Constituency 2023-2027* plan are to:

1. To provide bursary allocations/disbursement to needy children
2. To improve access to education opportunities for all children
3. Facilitate security sector infrastructure development
4. To promote development of disability friendly facilities in schools
5. Gender sensitive and responsive activities and projects
6. To increase number of learning facilities
7. To conserve environment and our natural resources
8. To provide adequate and quality public service delivery of goods, works and services
9. To collaborate and partner with other development stakeholders
10. To implement National Government policies, laws and regulations
11. To protect public interests
12. To contribute to achievement of the National Government goals.

Progress on the attainment of Strategic development objectives

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

Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's	In FY 2024/2025 -We funded construction of 33 classrooms in various primary schools and 19 classrooms in various secondary schools; including 4 laboratories in various primary schools and 2 laboratories in secondary schools.; 5

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			beneficiaries at all levels	Administration offices in various secondary schools. - Bursary beneficiaries at all levels were 8,738. 7,344(3,428 males plus 3,916 females) in the various Secondary Schools. 1,296 (676 males plus 620 females) in the various Tertiary/Universities institutions 98 (86 males plus 12 females) in the various Special need institutions,
Security	Improve physical infrastructure	Improved security in the community	-Number of new physical facilities for Security administrator - OCPD, Assistant chiefs.	In the 2024/2025 FY, we funded three office blocks for Assistant chiefs to completion and renovation of Khwisero law courts.
Emergency	To be utilized on unforeseen emergency cases in the constituency during the financial year.	Mitigation against emergency cases	Utilized on some public schools on construction of new classrooms for Grade 9. which had missed out on MOE funding. This is due to rising enrolment and meeting 100% transition in our schools.	During the 2024/2025 FY, we allocated a total of Ksh. 8,972,097 towards unforeseen emergency cases in the constituency. Almost the entire amount has been utilized to construct seven (7) new classrooms in various primary schools for Grade 9, which had missed out on MOE funding.

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6. Governance Statement

a. NG-CDFC process of appointment

Section 43(1), (2), (3) and (4) of the National Government Constituencies Development Fund (NG-CDF) Act state that:

1. There is established a National Government Constituency Development Fund Committee for every constituency.
2. 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
 - 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 sub-section (2) (b), (d) and (e) shall be selected in such manner and shall have such qualifications as the Board may, by Regulations, prescribe.

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

The persons appointed are drawn from different groupings as follows:

S/N	Name	Category representation	Ward
1.	Patrice Ashilaka	Male (Adult)	Kisa north
2.	Stephen Ombwenya Tuti	Male (Adult)	Kisa central
3.	Rose Ombewa	Female (Adult)	Kisa west
4.	Doris Aseka	Female (Youth)	Kisa North
5.	Roselyne wamalwa Musindi	Female (Adult)	Kisa central
6.	Conrad Eyalira Lukania	Male(Youth)	Kisa East

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Nominee of the person representing persons with disability

S/N	Name	Nominating Organization	Nature of physical Impairment	Ward
1.	Roberts Hochami Mayienga	National Council Of People Living With Disability	Fractured Ribs	Kisa North

Upon further consultation with the panel and the constituency office, members agreed to recommend for co-option by the NG-CDF Board as per section 43 subsection 2(g) as

S/N	Name	Gender	Ward
1.	John Ashioya	Male	Kisa central

The list of the selected and recommended members was forwarded to the NG_CDF Board and were further gazetted through a gazette notice dated 21st May 2025 by the Chief executive officer of the Board Gazette notice Vol.CXXVII-NO.98

The Khwisero NG_CDFC Members were gazetted as follows

S/N	Name	Category	Statutory Provision Under NG-CDF Act
1.	Patrice Ashilaka	Male Adult Representative	Appointment, pursuant to Sec. 43 (2) (b)
2.	Stephen Ombwenya Tuti	Nominee of the Constituency office (male)	Appointment, pursuant to Sec. 43 (2) (e)
3.	Doris Aseka	Female Youth Representative	Appointment, pursuant to Sec. 43 (2) (c)
4.	Rose Ombewa	Female Adult Representative	Appointment, pursuant to Sec. 43 (2) (c)
5.	Roberts Hochami Mayienga	Representative of Persons Living with Disability	Appointment, pursuant to Sec. 43 (2) (d)
6.	Conrad Eyalira Lukania	Male Youth Representative	Appointment Pursuant to Sect. 43 (2)(b)
7.	Roselyne Wamalwa Musindi	Nominee of the Constituency office (Female)	Appointment Pursuant to Sect. 43 (2)(e)

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The First NG-CDFC inaugural meeting was held on 4th June, 2025. The members carried out an election for the position of a chairperson and the secretary of the committee. The following member were elected.

	NAME	POSITION	WARD
1	Stephen Ombwenya Tuti	Chairperson	Kisa central
2	Conrad Eyalira Lukania	Secretary	Kisa east

NG-CDF Regulations Section 7(6) & (7) requires that the first meeting, a Constituency Committee shall establish two sub-committees necessary for the proper performance of its functions in accordance with the guidelines issued by the Board and in establishing sub-committees. Under paragraph 5, constituency Committee shall ensure that there is equitable representation

The Committees were constituted as follows;

1. Bursary Sub-committee

	NAME	POSITION
1.	Sub-County Director of Education	Chairperson
2.	Bernard S. Misiko-FAM	Secretary
3.	Roselyne Wamalwa	Member
4.	Rose Ombewa	Member
5.	John Ashioya	Member
6.	Patrice Ashilaka	Member

2. Complaint Handling & Resolution Sub-Committee

	NAME	POSITION
1.	Jackson Oloo-DCC	Chairperson
2.	Patrice Ashilaka	Secretary
3.	Roberts Mayienga	Member
4.	Doris Aseka	Member
5.	Bernard S. Misiko	Member

b. NG-CDFC Tenure

The term of office of the members of the constituency shall be two years and shall be renewable but shall expire upon appointment of new constituency committee in the manner provided for in the NG-CDF Act 2015, or as may be approved by the Board.

The Khwisero NG-CDF Committee were appointed on 21st may 2025 for a period of two years.

c. The Role of the Constituency Committee

The roles of NG-CDF Committee are:

- a) Collect public views on what projects to be funded before budgeting through Public Participation.
- b) Do budget proposals to the Board based on the official allocations and submit to the Board on timely basis.
- c) Manage the fund at constituency level on behalf of the board.
- d) Co-ordinate the implementation of projects by Project Management Committees.
- e) Ensure the Project Management Committees are empowered through training to carry out their mandate.
- f) Ensure accountability in projects is maintained at all times at the Project Management Committee level.

d. Removal of a member

NG – CDF Act Sec.43 (13) clearly stipulates under which circumstances a member may be removed.

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

- (a) lack of integrity
- (b) gross misconduct
- (c) embezzlement of public funds
- (d) bringing the committee into disrepute through unbecoming personal public conduct
- (e) promoting unethical practises
- (f) causing disharmony within the committee
- (g) physical or mental infirmity.

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e. NG-CDFC Induction and training

In the financial year 2024/2025 the NGCDF Board organized training of NGCDFC members. During the training, critical areas such as public finance, project planning, procurement, complaint management, performance management were covered to equip them with the prerequisite knowledge and skills to ensure effective and efficient management of NG-CDF Khwisero.

f. Number of meetings;

NG-CDF Act Section 43 stipulates that NG-CDFC shall have a maximum of twenty-four meetings per year and not less than six including sub-committee meetings.

In Khwisero Constituency, the NG-CDF Committee conducted fourteen (15) meetings and two (2) sub-committee meetings.

Schedule of meetings held during the FY 2024/2025

	Name of Committee members	5/7/24	5/8/24	27/8/24	6/9/24	4/10/24	8/11/24	30/12/24	6/1/25	6/3/25	30/4/25	14/5/25	29/5/25	4/6/25	24/6/25	26/6/25
1	Daniel Sumba-Chairperson	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
2	Conrad Lukania-Secretary	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
3	Rose Ombewa-Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
4	Geoffrey Ayuku-Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
5	Christine Agiso-Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
6	Abgael Okwako-Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
7	Stephen Ombwenya-Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
8	Roberts Mayienga-Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
9	Jackson Oloo - DCC	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
10	Bernard S. Misiko-FAM (Ex officio)	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

g. Remuneration Rates

On member's remuneration, it is as per the NG – CDF Act 2016 and its regulation. A member is paid sh.5,000 per sitting whereas the chairperson gets sh.7,000. Other remunerations are through a full NG-CDFC minuted resolution e.g. airtime is paid to the chairperson sh.5,000, Fund Account Manager sh.5,000 and Secretary sh.3,000.

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.

h. Disclose the policy on conflict of interest

As a committee, we have made it clear to all members that anyone who has interest in any activity e.g. works, supplies must declare in our meetings as a way of avoiding conflict of interest.

Apparently, we have never experienced such a case,

i. Succession plan

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

j. Ethics and code of conduct

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

k. Risk Management

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

- The premises are guarded adequately day and night.

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- Sensitive offices have doors fitted with steel doors and window grills i.e. Fund Account Manager and Secretary's office.
- Ensure that there is back up of our official data through flash disks and even saving on the net for safety.
- The project management committees are also advised to ensure that the public facilities are safe (schools and offices).

7. Management Discussion and Analysis

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

a) Financial Sector Performance Overview

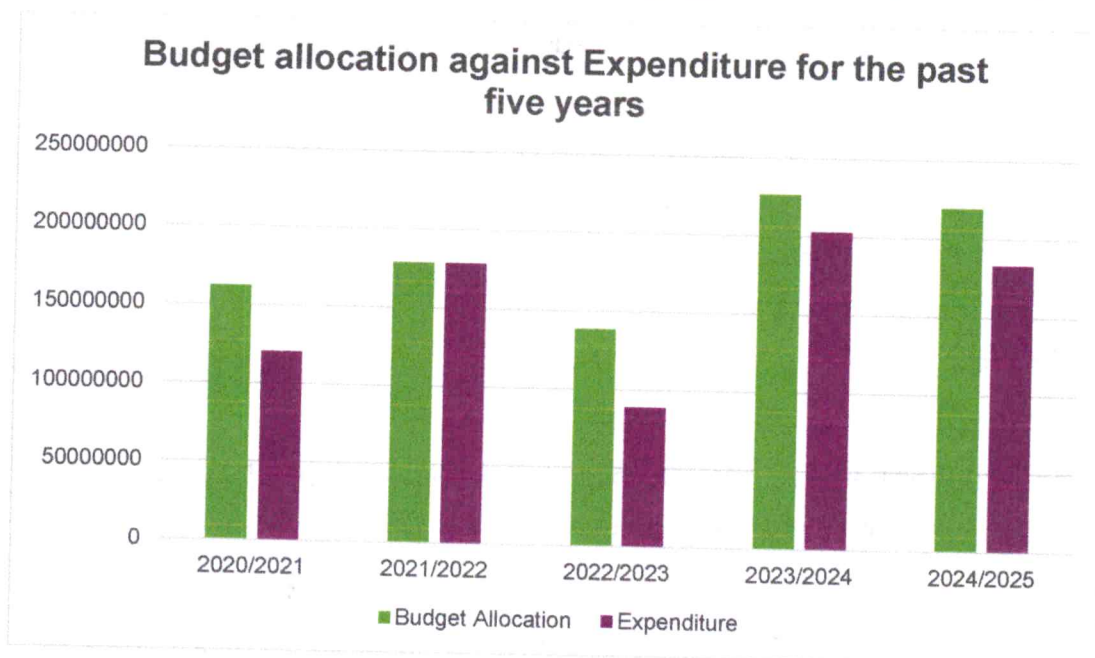
Over the past five fiscal years, NGCDF Khwisero has recorded commendable financial discipline, characterized by consistent allocations and full utilization of funds.

Financial Year	Final Budget Allocation	Expenditure	Percentage
2020/2021	161,984,956	120,383,073	74%
2021/2022	178,731,763	178,591,778	99%
2022/2023	138,466,017	89,296,278	64%
2023/2024	226,727,895	203,029,703	89%
2024/2025	219,372,276	183,139,685	83%
Total	925,282,907	774,440,517	

From the above data, Khwisero NG-CDF has been able to receive a total of Ksh 925,282,907 as at 30th June 2025 for the last five financial years. The resources has been utilized to improve the various sectors in terms of infrastructure and provision of bursaries to needy students in secondary and tertiary institutions.

Below is a graphical analysis of budget allocation against expenditure for the past five years.

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The below table further illustrates the expenditure performance on comparable basis of various sectors in Khwisero NG-CDF for the past two years;

Financial Year	Sector	Budget	Expenditure
2024-2025	Education-Projects	115,597,430	95,713,526
	Education-Bursary	66,484,738	66,475,008
	Security Projects	7,808,573	6,147,086
2023-2024	Education-Projects	130,530,186	109,679,944
	Education-Bursary	48,701,617	48,144,575
	Security Projects	7,600,000	7,600,000
	Total	376,722,544	333,760,139

Sector	Sector Budget	Percentage
Education	361,313,971	96%
Security	15,408,573	4%
	376,722,544	

Based on the above tabulated information for the last two financial years on comparable basis; the key consumer of the fund is Education sector with an average of 96% of the entire allocation and secondly the security sector with average of 4%. This is an indicator that the Fund has put more efforts in improving the academic standards of Khwisero constituency

through both the infrastructure and bursaries to needy students studying in various institutions.

Furthermore, Fund has been able to improve on the living standards of its constituents with poverty eradication being one of its key objective. The management advocates for more resource allocation to further improve on its mandate.

b) Key Projects

Khwisero NG-CDF has undertaken key projects over the past five years that has improved infrastructure standards and well being of its constituents.

The Fund has enabled construction of additional classrooms in the various primary and secondary schools over the period, key among them are the complete storey tuition blocks in; Khwisero Primary School, Ekambuli primary school, Ebukwala primary school, Shirotsa primary school, St. Dennis munjiti primary school, Emwaniro secondary school, Namasoli secondary school, Luanda dudi secondary school, Emwiru mixed secondary school, Khwisero girls secondary school, emalindi girls secondary school and mwihila boys high school. These storey buildings have decongested the learning space for the students and provided a conducive working area for the teachers and administrators of the schools. They have also reduced the pressure on additional land for the institutions which has been a great challenge.

A part from the key projects indicated above, Khwisero NG-CDF has equally provided infrastructure to various institutions across the constituency including the recent matching fund arrangement with the Ministry of Education to construct Junior Secondary School classrooms classrooms in eshiruli primary school, ebukanga primary school and eshilongo primary school.

We have also funded security projects over the period such as Assistant chiefs office Ikomero, Assistant chiefs office mulwanda, Assistant chiefs office shirali, Assistant chiefs office shirali, Assistant chiefs office mundeku, Assistant chiefs office wambulise, Assistant chiefs office emuruba, Khwiseo OCPD office, Dudi police station, Khwisero police staff houses and most recently the renovation of Khwisero law courts.



Ack Mundoli Girls Secondary School - Construction of a Storey Tuition Block which provides a conducive learning environment to students while providing a suitable working area for the school administration.

c) Compliance with statutory requirements.

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

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

Khwisero NG-CDF has always met its financial obligations for instance payment of various tax dues like Income tax withholding and VAT withholding tax from contractors, Pay As You Earn (P.A.Y.E)Tax and other statutory requirements. The Khwisero NG –CDF further commits to operate within the law even to the future.

d) Review of the Economy, Sector and Future Developments

Government's Competency-Based Education (CBE) rollout triggered urgent infrastructure development needs in Junior Secondary Schools, which necessitated Khwisero NG-CDF

allocate substantial amounts towards implementation of projects in primary schools to cater for the need of more classrooms and science laboratories in those schools.

Additionally, Kenyan Economy has not been doing well in the past years due to the many factors such as the Covid 19 pandemic that reduced the business growth and hence revenue collection has experienced declines over the period. NG-CDF as a fund was equally affected by the same whereby the cost of implementing projects increased hence affecting completion timelines and even the budget process.

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

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

e) Risks Analysis

Below are some of the risks that have have faced the NG-CDF fund over the past five years;

1. COVID-19 Pandemic (2020/21):

The pandemic caused delayed projects implementation in varios institutions and disrupted procurement procedures.

2. Legal Challenges:

Ongoing court petitions questioning the constitutionality of NGCDF create legal uncertainty.

3. Disbursement Delays:

National Treasury delays occasionally affected fund flow and project timelines.

4. Over Reliance on Fund:


Since these funds are received as grants, all constituents expect to benefit e.g. bursary, even if they are financially better off. The constituents expect everything to be done from NG-CDF kitty.

f) Conclusion and Recommendations

NGCDF Khwisero has made significant strides in education bursaries, infrastructure development, and transparent fund utilization. While facing legal and economic uncertainties, the fund has maintained fiscal discipline and impact-oriented programming.

Key Recommendations

- ✓ Leverage Public-Private Partnerships for infrastructure financing.
- ✓ Digitize Bursary Disbursement systems for accuracy and timeliness.
- ✓ Engage in Legal Reform Advocacy to secure NGCDF's constitutional mandate.
- ✓ Enhance Monitoring Tools to ensure value



Name: Bernard S. Misiko
Fund Account Manager



8. Environmental and Sustainability Reporting

Environmental matters relates to mitigation of the climate change effects that has been put forward as a government agenda. The recent amendment of NGCDF Act 2015 to increase the allocation to climate change mitigation activities from 2% to 5% has ensured this objective is achieved through the NGCDF Fund. The co-existence of Khwisero NG-CDF is to transform the lives of its citizens. This is therefore the purpose that drives its focus behind everything. This is what guides us to ensure that we deliver our strategy, which is founded on social sectors, namely, Education & Training, Security Sector Support and Environment. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

1. Sustainability strategy and profile -

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

- a. **Education and Training:** Khwisero 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, reafforestation, grassroots sensitization, and tree seedling production.

2. Environmental performance

Sensitization of youth/ community on the impact of drugs after by construction of Assistant chiefs office and the renovation of Khwisero Law courts.

3. Employee welfare

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

The constituency promotes a healthy lifestyle and provides all employees with health insurance coverage through a reliable insurance Scheme. Employees are encouraged and supported to build on their skills and knowledge continually. NG-CDF Khwisero 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-

Khwisero Constituency is committed to fair and ethical market practices.

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

Khwisero 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

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

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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.

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



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Name: Bernard S. Misiko
Fund Account Manager.



9. Statement Of Management Responsibilities

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

The Accounting Officer in charge of the NGCDF-Khwisero 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-Khwisero 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 NGCDF-Khwisero Constituency financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Khwisero Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

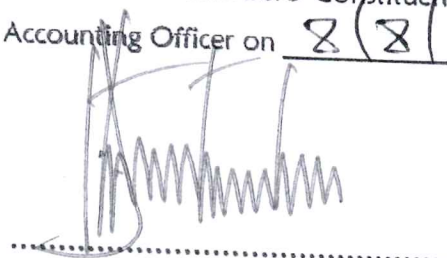
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The Accounting Officer in charge of the NGCDF Khwisero Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds 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- Khwisero Constituency financial statements were approved and signed by the Accounting Officer on 8/8 2025.



Name: Daniel S. Sumba
Chairman – NGCDF Committee



Name: Bernard S. Misiko
Fund Account Manager

2025

REPUBLIC OF KENYA

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Kwisero 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 financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Khwisero Constituency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the National Government Constituencies Development Fund Act, 2015 (Amended 2023) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Opening Statement Balances

The opening statement of financial position as at 01 July, 2024 indicates cash and cash equivalents balance of Kshs.28,052,178 and third-party deposits balance of Kshs.2,413,776. However, the balances differ with Kshs.27,151,296 and Nil balance respectively, as per the audited previous year financial statements for the financial year ended 30 June, 2024, resulting in unreconciled variances of Kshs.900,882 and Kshs.2,413,776 respectively.

In the circumstances, the accuracy and completeness of cash and cash equivalents opening balance of Kshs.28,052,178 and third-party deposits opening balance of Kshs.2,413,776 could not be confirmed.

2. Unaccounted for Third-Party Deposits Balance

The statement of financial position and Note 27 to the financial statements reflect third-party deposits balance of Kshs.1,092,456. However, Note 19 to the financial statements in respect to cash and cash equivalents reflects deposit account balance of Kshs.434,563, resulting to unaccounted for balance of Kshs.657,893.

In the circumstances, the existence of third-party deposits balance of Kshs.1,092,456 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the previous year audit, several issues were raised under Report on the financial statements and one issue under Report on Lawfulness and Effectiveness in the Use of Public Resources, as detailed in **Appendix I**. The Management has indicated under the progress on follow up on Auditor's recommendations section of the financial statements that the issues were not resolved. No explanation was provided for the delay in resolving the issues.

Other Information

The Management is responsible for the Other Information set out on page iii to xxxvii which comprise of Key Entity Information and Management, NGCDF Committee, 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 the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Project Implementation Status Report

During the year under review, the Fund planned to implement thirty-two (32) projects at a total cost of Kshs.279,720,452. However, review of implementation records revealed that twenty-seven (27) projects, representing 83% of the total, were completed at a cost of Kshs.209,570,452 while four (4) projects, representing 13%, remained ongoing at the close of the financial year, with a cumulative cost of Kshs.50,150,000 and one (1) project costing Kshs.20,000,000 had not started.

In the circumstances, value for money was not obtained from the four (4) ongoing projects and the not started project as the intended outputs and outcomes were not realized within the planned timeframe.

2. Non-Compliance with Procurement Reservation for Youth, Women and Persons with Disabilities Requirement

Information available indicate that Management did not allocate at least 30% of its annual procurement budget for goods, works or services to enterprises owned by youth, women, and persons living with disability contrary to Regulation 16(1) of the Public Procurement and Asset Disposal Regulations, 2020, and Section 157(10) of the Public Procurement and Asset Disposal Act, 2015.

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

3. Non-Compliance with Law on Climate Change

Review of the approved budget and expenditure documents revealed that no allocations or expenditure were made for environmental activities, contrary to Section 25(1)(e) of the Environmental Management and Coordination Act, 1999 (EMCA), which mandates that at least 5% of the approved budget be allocated for environmental management.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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

03 November, 2025

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

Appendix I

Unresolved Prior Year Matters

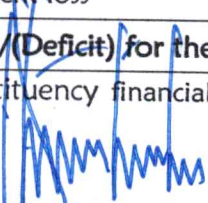
Reference No. of Auditor-General's Report	Audit Issue
	Report on the Financial Statements
1.	Inaccurate Compensation of Employees Expenditure
2.	Variance in Pending Staff Payables
	Report on Lawfulness and Effectiveness in the Use of Public Resources
	Inadequate Implementation of Projects

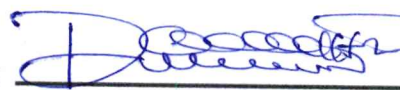
National Government Constituencies Development Fund (NGCDF)
Khwisero Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025


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

	Note	2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the NGCDF Board	6	170,469,857
Transfers from domestic and foreign partners	7	-
Revenue from exchange transactions		
Finance income	8	-
Miscellaneous income	9	-
Total revenue		170,469,857
Expenses		
Employee costs	10	4,285,284
Committee expenses	11	2,372,000
Use of Goods and Services	12	4,522,841
Other Government Units Actual expenditure	13	94,752,980
Other Grants and Transfers Actual expenditure	14	75,745,925
Depreciation and amortization expense	15	7,557
Digital Hubs Expenses Actual expenditure	16	-
Total expenses		181,686,587
Other gains/(losses)		
Gain/Loss on Sale of Assets	17	-
Impairment loss	18	-
Surplus/(Deficit) for the year		(11,216,730)

The Constituency financial statements were approved by the NGCDFC on 28/8/2025 and signed by:


 Chairman NG-CDF
 Committee
 Name: Daniel S. Sumba


 National Sub-County
 Accountant
 Name: Dr. Paul O. Onono
 ICPAK M/No: 14044


 Fund Account Manager
 Name: Bernard S. Misiko



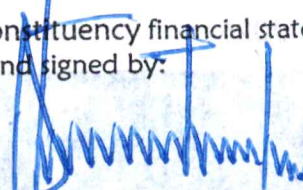
National Government Constituencies Development Fund (NGCDF)
Khwisero Constituency
Annual Report and Financial Statements for The Year Ended June 30, 2025

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

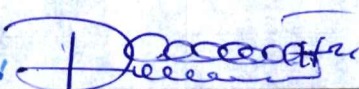
	Note	2024-2024	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	19	21,762,736	28,052,178
Receivables from Exchange Transactions	20	-	-
Receivables from Non-Exchange Transactions	21	14,469,857	20,850,242
Prepayments	22	-	-
Total Current Assets		36,232,593	48,902,420
Non-Current Assets			
Property, Plant and Equipment	23	52,902	-
Intangible Assets	24	-	-
Right-of-use assets	25	-	-
Total Non- Current Assets		52,902	-
Total Assets (A)		36,285,495	48,902,420
Liabilities			
Current Liabilities			
Trade and Other Payables	26	-	-
Third Party Deposits	27	1,092,456	2,413,776
Lease Liabilities	28	-	-
Gratuity Provision	29	434,563	513,438
Total Current Liabilities		1,527,019	2,927,214
Non-Current Liabilities			
Lease Liabilities	28	-	-
Total Liabilities (B)		1,527,019	2,927,214
Net Assets (A-B)		34,758,476	45,975,206
Represented by:			
Revaluation Reserves		34,758,475	45,975,206
Accumulated Surplus		-	-
Total Net Assets		34,758,475	45,975,206

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

The Constituency financial statements set out on pages 1 to 70 approved by NG CDFC on 8/8/
2025 and signed by:



**Chairman NG-CDF
Committee**
Name: Daniel S. Sumba



**National Sub-County
Accountant**
Name: Dr. Paul O. Onono
ICPAK M/No: 14044



Fund Account Manager
Name: Bernard S. Misiko

NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND
FUND ACCOUNT MANAGER
08 AUG 2025
KHWISERO CONSTITUENCY
P. O. Box 505-50136, KHWISERO

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
Fund Balance as at 30 th June 2024		2,847,950	2,847,950
Adjustments			
Recognition of Assets		45,541,032	45,541,032
Recognition of Liabilities		(2,413,776)	(2,413,776)
As at July 1, 2024		45,975,206	45,975,206
Surplus/(Deficit) For the Period		(11,216,731)	(11,216,731)
Revaluation Gain/Loss		-	
As at June 30, 2025 (current year)		34,758,475	34,758,475

Note:

1. The recognition of Assets amounting to Ksh. 45,541,032 consist of PMC's bank balances of Ksh. 24,690,790 and Disbursements owing from the NG-CDF Board of Ksh. 20,850,242 as at 1st July 2024.
2. The recognition of Liabilities amounting to Ksh.(2,413,776) refers to the Retention amount as at 1st July 2024.

National Government Constituencies Development Fund (NGCDF)
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14. Statement Of Cash Flows for The Year Ended 30th June 2025

	Notes	2024-2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the NGCDF Board		176,850,242
Transfers from domestic and foreign partners		-
Finance income		-
Miscellaneous income		-
Total Receipts		176,850,242
Payments		
Employee costs		4,364,159
Committee expenses		2,372,000
Use of Goods and Services		4,522,841
Other Government Units Certified Works		95,713,526
Other Grants and Transfers		76,106,700
Digital Hubs Expenses		-
Total Payments		183,079,226
Net Cash Flows from/ (used in) Operating Activities	30	(6,228,984)
Cash flows From Investing Activities		
Purchase of PPE		(60,459)
Purchase of Intangible assets		-
Proceeds From Sale of PPE		-
Net Cash Flows from Investing Activities		(60,459)
Net increase/(decrease) in cash & Cash equivalents		(6,289,443)
Cash Flows from Financing Activities		
Lease Payment		-
Net Cash Flows from Financing Activities		(6,289,443)
Cash and cash equivalents at 1 July	19	28,052,178
Cash and cash equivalents at 30 June	19	21,762,735

National Government Constituencies Development Fund (NGCDF)
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National Government Constituencies Development Fund (NGCDF)
Khwisero Constituency
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15. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024-2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024-2025	2024-2025		
Revenue							
Transfers From the NGCDF Board	170,469,857	28,052,178	20,850,242	219,372,277	204,902,420	14,469,857	93%
Grants/donations from other entities	-	-	-	-	-	-	
Finance income	-	-	-	-	-	-	
Miscellaneous income	-	-	-	-	-	-	
Totals	170,469,857	28,052,178	20,850,242	219,372,277	204,902,420	14,469,857	93%
Expenses							
Employee costs	4,727,008	1,511,966	-	6,238,974	4,364,159	1,874,815	70%
Committee expenses	2,990,000	80,100	-	3,070,100	2,372,000	698,100	77%
Use of Goods and Services	6,860,485	697,051	-	7,557,536	4,583,300	2,974,236	61%
Other Government Units Certified Works	75,607,032	19,140,156	20,850,242	115,597,430	95,713,526	19,883,904	83%

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

	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs		Kshs	Kshs	Kshs	
	a	b		C=(a+b)	d	e=(c-d)	f=d/c*100
	2024-2025	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2024-2025	2024-2025		
Other Grants and Transfers	80,285,332	6,393,129	-	86,678,461	76,106,700	10,571,761	88%
Digital Hubs Expenses	-	-	-	-	-	-	
Other payments		5,909		5,909		5,909	
Funds Pending Approval**	-	223,867	-	223,867	-	223,867	
Total Expenditure	170,469,857	28,052,178	20,850,242	219,372,277	183,139,685	36,232,592	83%
Surplus for the period	0	0	0	0	21,762,735	(21,762,735)	

****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.

Explanatory Notes.

- *Employee costs: NGCDFC Staffs were not hired at the same time. Hence payment continues into the next financial year.*
- *Committee expenses: Are below 90% due to slow funds disbursement from the exchequer.*
- *Use of Goods and services: Is below 100% due to slow funds disbursement from the exchequer.*
- *Other Government Units Certified Works: Is below 100% due to slow funds disbursement from the exchequer.*
- *Other Grants and Transfers: Is below 100% due to slow disbursement from the exchequer.*
- *As at 30th June 2025, a total of Ksh.14,469,857 was yet to be disbursed from the NG-CDF Board. Hence the underutilization (below 100%).*

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

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

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

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	36,232,593
Less undisbursed funds receivable from the Board as at 30 th June 2025	14,469,857
Cash and Cash Equivalents at the end of the 30 th June 2025	21,762,736

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 28/8 2025 and signed by:



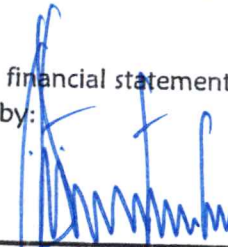
Fund Account Manager

Name: Bernard S. Misiko



National Sub-County Accountant

Name: Dr. Paul O. Onono Phd
ICPAK M/No: 14044



Chairman NG-CDF Committee

Name: Daniel S. Sumba



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

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	4,727,008	1,511,966		-		-
1.2 Committee allowances	1,490,000			6,238,974	4,364,159	1,874,815
1.3 Use of goods and services	4,010,485	505,891		1,490,000	911,000	579,000
Sub-total	10,227,493	2,017,857	-	4,516,376	3,245,741	1,270,635
2.0 Monitoring and evaluation						
3.0 2.1 Capacity building	850,000	152,158		-		-
2.2 Committee allowances	1,500,000	80,100		1,002,158	834,400	167,758
2.3 Use of goods and services	2,000,000	39,002		1,580,100	1,461,000	119,100
Sub-total	4,350,000	271,260	-	2,039,002	503,159	1,535,843
4.0 Emergency						
Emergency	8,972,097	271,491				
UNUTILIZED		3,141,562		9,243,588	357,000	8,886,588
				3,141,562	3,127,606	13,956
Sub-total	8,972,097	3,413,053	-	12,385,150	3,484,606	8,900,544
5.0 Bursary and Social Security						
5.1 Primary Schools						
				-		-

National Government Constituencies Development Fund (NGCDF)
Khwisero Constituency

Annual Report and Financial Statements for The Year Ended June 30, 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
5.2 Secondary Schools	55,413,235	8,763		55,421,998	55,418,008	3,990
5.3 Tertiary Institutions	10,000,000	562,740		10,562,740	10,560,000	2,740
5.4 special needs	500,000			500,000	497,000	3,000
5.5 Education Support Programmes				-		-
5.6 Social Security				-		-
Sub-total	65,913,235	571,503	-	66,484,738	66,475,008	9,730
7.0 Environment						
Sub-total	-	-	-	-	-	-
8.0 Primary Schools Projects						
8.1 Munjeche primary school	1,000,000			1,000,000	1,000,000	-
8.2 Elukanji primary school	4,000,000			4,000,000		4,000,000
8.3 Ebukanga primary school	100,000	452,524		552,524	550,524	2,000
8.4 Ebukwala primary school	7,000,000	50,000	700,000	7,750,000	5,200,000	2,550,000
8.5 Shirotsa primary school	7,000,000	2,229,204	653,476	9,882,680	7,305,000	2,577,680
8.6 Ekambuli primary school	10,949,739	1,478,511		12,428,250	12,423,950	4,300
8.7 Khwisero primary school	11,107,293	43,270		11,150,563	11,148,583	1,980
8.8 Munjiti primary school	7,000,000	110,000	700,000	7,810,000	6,294,884	1,515,116

National Government Constituencies Development Fund (NGCDF)
Khwisero Constituency
Annual Report and Financial Statements for The Year Ended June 30, 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			
8.9 Ebushibungo primary school			3,850,000	3,850,000	3,516,401	333,599
8.10 Dudi township primary school			3,850,000	3,850,000	3,514,450	335,550
8.11 Eshikhungula primary and jss			3,850,000	3,850,000	3,849,450	550
8.12 Ibinda primary school			3,850,000	3,850,000	3,514,450	335,550
8.13 Emutsasa primary school		3,000	1,098,383	1,101,383	1,101,366	17
8.14 Ebuhonga primary school		97,432	200,000	297,432	294,923	2,509
8.15 Eshilongo primary school		1,000,000	98,383	1,098,383	1,098,283	100
8.16 Eshiruli primary school		1,000,000		1,000,000	997,460	2,540
8.17 Mundeku primary school		250,000		250,000	249,000	1,000
8.18 Emakuche primary school		134,869		134,869	133,981	888
8.19 Muhaka primary school		1,000,000		1,000,000	997,110	2,890
8.20 Emung'abo primary school		1,153		1,153		1,153
8.21 Emwiru primary school		1,650		1,650		1,650
8.22 Emuruba primary school		770		770		770
8.23 Huluwinu primary school		2,700		2,700		2,700
8.24 Eshibinga primary school		9,732		9,732		9,732
8.25 Ekambuli primary school		5,010		5,010		5,010
8.26 Namasoli primary school		2,460		2,460		2,460
8.27 Mulufu primary school		270		270		270

National Government Constituencies Development Fund (NGCDF)
Khwisero Constituency
Annual Report and Financial Statements for The Year Ended June 30, 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
8.28 Mulwanda primary school		620		620		620
8.29 Ebukanga primary school		62,950		62,950		62,950
8.30 Mushichibulu primary school		602		602		602
8.31 Mukhunzulu primary school		432		432		432
8.32 Nyamboga primary school		4,190		4,190		4,190
8.33 Emulunya primary school		1,456		1,456		1,456
8.34 Ematundu primary school		9,364		9,364		9,364
8.35 Ekatsombero primary school		17		17		17
8.36 Mushikongolo primary school		3,430		3,430		3,430
8.37 Mundeku primary school		83,671		83,671		83,671
8.38 Eshikhungula primary school		27,923		27,923		27,923
8.39 Mundaha primary school		574		574		574
8.40 Emulanda primary school		770		770		770
8.41 Ebuyonga primary school		800		800		800
8.42 Emulunya primary school		2,250		2,250		2,250
8.43 Khwisero primary school		2,830		2,830		2,830
8.44 Mwisena primary school		115,550		115,550		115,550
8.45 Elwangale primary school		6,952		6,952		6,952
8.46 Emulole primary school		200		200		200

National Government Constituencies Development Fund (NGCDF)
Khwisero Constituency
Annual Report and Financial Statements for The Year Ended June 30, 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			
8.47 Ekambuli primary school		4,944		4,944		4,944
8.48 Elukari primary school		22,000		22,000		22,000
8.49 Andola eshinaka primary school		1,760		1,760		1,760
8.50 Mukhunzulu primary school		3,084		3,084		3,084
8.51 Munyanza primary school		1,714		1,714		1,714
8.52 Mulwanda primary school		725		725		725
8.53 Mushikongolo primary school		2,904		2,904		2,904
8.54 Ebukwala primary school		250		250		250
8.55 Muhaka primary school		992		992		992
8.56 Mwibelenya primary School		393		393		393
8.57 Luanda doho primary school		400		400		400
8.58 Mushiangubu primary school		6,338		6,338		6,338
8.59 Emutsasa primary school		611		611		611
8.60 Mushichibulu primary school		1,155		1,155		1,155
8.61 Eshilongo primary school		120		120		120
8.62 Shirotisa primary school		230		230		230
8.63 Emwiru primary school		1,196		1,196		1,196
8.64 Emalindi primary school		1,420		1,420		1,420

National Government Constituencies Development Fund (NGCDF)
Khwisero Constituency
Annual Report and Financial Statements for The Year Ended June 30, 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			
8.65 Mushinaaka primary School		23,312		23,312		23,312
8.66 Munjeche primary school		2,500		2,500		2,500
8.67 Eshibinga primary School		2,128		2,128		2,128
8.68 Shirotso primary School		2,380		2,380		2,380
8.69 Ebuyonga primary School		1,000		1,000		1,000
8.70 Mwikalika primary School		1,305		1,305		1,305
8.71 Mundoli pri. School & jss		1,713		1,713		1,713
8.72 Eshilongo primary School		1,000		1,000		1,000
8.73 Mundaha primary school		53,261		53,261		53,261
Sub-total	48,157,032	8,335,971	18,850,242	75,343,245	63,189,815	12,153,430
9.0 Secondary Schools Projects (List all the Projects)						
9.1 Mundoli girls secondary school	1,400,000	1,441,390		2,841,390	2,600,000	241,390
9.2 Namasoli secondary school	1,200,000	1,778,810		2,978,810	2,977,750	1,060
9.3 Emalindi girls secondary school	1,600,000	65,080		1,665,080	1,598,000	67,080
9.4 Emwiru mixed secondary school	1,200,000	1,711,891		2,911,891	2,908,824	3,067
9.5 Luanda dudi secondary school	1,200,000	3,986,742		5,186,742	4,874,781	311,961
9.6 Khwisero girls secondary school	1,700,000	510,100		2,210,100	2,198,000	12,100

*National Government Constituencies Development Fund (NGCDF)
Khwisero Constituency
Annual Report and Financial Statements for The Year Ended June 30, 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
9.7 Shiongo secondary school	1,700,000	20,093		1,720,093	1,719,800	293
9.8 Mwhila boys high school	4,000,000	69,346		4,069,346	3,900,000	169,346
9.9 St. Stephen mulwanda secondary school	10,950,000			10,950,000	5,000,575	5,949,425
9.10 Emalindi mixed secondary school	1,000,000			1,000,000	903,608	96,392
9.11 Emaholia mixed secondary school	1,500,000		2,000,000	3,500,000	3,497,400	2,600
9.12 Ekambuli secondary school		1,199		1,199	-	1,199
9.13 Emwaniro secondary school		7,936		7,936	-	7,936
9.14 Khwisero secondary school		1,734		1,734	1,312	423
9.15 Shiongo mixed secondary school		4,547		4,547	-	4,547
9.16 St. Stephens mulwanda secondary school		1,640		1,640	1,590	50
9.17 Ack st. andrews emalindi mixed secondary school		347,359		347,359	342,071	5,288
9.18 Eshinutsa secondary school		419,750		419,750		419,750
9.19 Ibinda secondary school		1,587		1,587		1,587
9.20 St. Paul's mushinaaka mixed secondary school		623		623		623
9.21 St. Mathews ikomero mixed secondary school		20,951		20,951		20,951

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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
9.22 Emutsasa girls secondary school		30		30		30
9.23 Eshibinga secondary school		58,361		58,361		58,361
9.24 Holy cross emalindi girls secondary school		99,370		99,370		99,370
9.25 St dennis munjiti secondary school		47,736		47,736		47,736
9.26 Ekatsombero secondary school		1,226		1,226		1,226
9.27 Ack ematundu boys sec/voc sch for the deaf		589		589		589
9.28 Khwisero girls secondary school		650		650		650
9.29 St. Dennis munjiti secondary school		214		214		214
9.30 Mwhihila girls secondary school		2,540		2,540		2,540
9.31 St annes dudi girls secondary school		1		1		1
9.32 Ibinda secondary school		2,091		2,091		2,091
9.33 Emuruba secondary school		69,230		69,230		69,230
9.34 Ekambuli secondary school		7,308		7,308		7,308

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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
9.35 St.joseph shirotsa secondary School		32,908		32,908		
9.36 Shiongo mixed secondary School		41,132		41,132		32,908
9.37 St.stephen mulwanda secondary school		18,725		18,725		41,132
9.38 Namasoli secondary School		31,297		31,297		18,725
Sub-total	27,450,000	10,804,185	2,000,000	40,254,185	32,523,710	31,297
10.0 Tertiary institutions Projects (List all the Projects)						
				-		-
				-		-
Sub-total	-	-	-	-	-	-
11.0 Security Projects						
11.1 Assistant chief's office mulwanda	300,000	5,000		305,000	304,390	610
11.2 Assistant chief's office ikomero	300,000	580,000		880,000	878,674	1,326
11.3 Assistant chief's office shirali	300,000	953,000		1,253,000	1,251,970	1,030

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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			
11.4 Khwisero law courts	4,500,000			4,500,000	2,965,988	1,534,012
11.5 Dudi police station		67,929		67,929	-	67,929
11.6 Khwisero police station staff houses		747,421		747,421	746,064	1,357
11.7 Assistant Chief office mushiangubu		5,312		5,312		5,312
11.8 Khwisero ocpd office		2,858		2,858		2,858
11.9 Khwisero Ap camp headquarters		5,668		5,668		5,668
11.10 Assistant chief's office mundaha		8,050		8,050		8,050
11.11 Khwisero Dcio's offices		645		645		645
11.12 Assistant chief's office khushiku		5,130		5,130		5,130
11.13 Chief's office eshirombe		916		916		916
11.14 Assistant chief's office mundeku		550		550		550
11.15 Construction/extension of ocs/traffic office		2,134		2,134		2,134
11.16 Doho assistant chief's office		4,916		4,916		4,916

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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			
11.17 Assistant chiefs office wambuliche		2,555		2,555		2,555
11.18 Assistant chief office emutsasa		2,036		2,036		2,036
11.19 Assistant chief office emuruba		2,000		2,000		2,000
11.20 Munjiti ass. Chief office		6,960		6,960		6,960
11.21 Gender based office khwisero		3,961		3,961		3,961
11.22 Khwisero gender based office		1,533		1,533		1,533
Sub-total	5,400,000	2,408,573	-	7,808,573	6,147,086	1,661,487
12.0 Acquisition of assets						
12.1 Motor Vehicles (including motorbikes)			-	-		-
12.2 Purchase of furniture and fittings				-		
12.2 Construction of CDF office				-		-
Sub-total	-	-	-	-		
13.0 Others						
13.0 COC		1,300	-	1,300		1,300

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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
NG-CDF OFFICE Renovation		4,109	-	4,109		4,109
Khwisero sports		500	-	500		500
Sub-total	-	5,909	-	5,909	-	5,909
Funds pending approval**				-		-
unapproved projects				-		-
AiA		223,867		223,867		223,867
Sub-total	-	223,867	-	223,867	-	223,867
Total	170,469,857	28,052,178	20,850,242	219,372,277	183,139,685	36,232,592

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 Khwisero Constituency principal activity is to transform the lives of its constituents.

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 Khwisero 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 Khwisero 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

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.

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

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

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

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

ii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

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

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

c) Property, plant and equipment

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

d) Leases

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

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

e) Intangible assets

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

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (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 2

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.

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

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6. Transfers from the NGCDF Board

Description	2024-2025
	Kshs
NGCDFB Transfers (Allocation for the FY)	170,469,857
Total	170,469,857

7. Transfers from domestic and foreign partners

Description	2024-2025
	Kshs
Grants	-
Total	-

8. Finance income

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

9. Miscellaneous income

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

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10. Employees cost

	<i>2024-2025</i>
	Kshs
NG-CDFC Basic staff salaries	3,225,755
Personal allowances paid as part of salary	-
House Allowance	-
Transport Allowance	-
Leave allowance	-
Gratuity to contractual employees	809,137
Employer Contributions Compulsory national social security schemes	193,620
Employer Contributions Compulsory Housing levy	48,172
Employer contributions to National Industrial Training Authority	8,600
Other Specify	-
Total	4,285,284

11. Committee Expenses

	<i>2024-2025</i>
	Kshs
Sitting allowance	911,000
Other Committee expenses	1,461,000
Total	2,372,000

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12. Use of Goods and services

	<i>2024-2025</i>
	Kshs
Utilities, supplies and services	73,413
Communication, supplies and services	207,763
Domestic travel and subsistence	1,236,600
Printing, advertising and information supplies & services	448,000
Office Rent	-
Training expenses	1,277,000
Hospitality supplies and services	487,900
Insurance costs	-
Specialized materials and services	-
Office and general supplies and services	791,230
Fuel, oil & lubricants	-
Bank charges	835
Routine maintenance – vehicles and other transport equipment	-
Routine maintenance – other assets	-
Strategic plan expenses	-
Other operating expenses	-
Total	4,522,841

13. Other Government Units Actual expenditure

Description	<i>2024-2025</i>
	Kshs
Primary Schools Actual expenditure	64,082,834
Secondary Schools Actual expenditure	30,670,146
Tertiary Institutions Actual expenditure	-
Total	94,752,980

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14. Other Grants and transfers Actual expenditure

	2024-2025
	Kshs
Bursary – secondary schools	55,418,008
Bursary – tertiary institutions	10,560,000
Bursary – special schools	497,000
Bursary - Education Support programmes	-
Social Security programmes (SHIF)	-
Security projects Actual expenditure	5,786,311
Climate change mitigation projects	-
Emergency projects Actual expenditure	3,484,606
Roads projects Actual expenditure	-
Others specify	-
Total	75,745,925

15. Depreciation and Amortization Expenses

	2024-2025
	Kshs
Property Plant and Equipment	7,557
Intangible Assets	-
Total	7,557

16. Digital Hubs Expenses

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

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17. Gain/loss on Sale of Assets

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

18. Impairment Loss

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

19. Cash and Cash Equivalents

Name Of Bank and Account No.	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Bank Accounts (Cash Book Bank Balance)		
<i>Equity Bank, Account No.0680282515991 Mumias Branch. (Operations account)</i>	8,298,735	2,847,950
<i>Operations account pending closure (Indicate name & account no.)</i>	-	-
<i>Equity Bank, account No. 0680285381293 Mumias Branch (Deposit account)</i>	434,563	513,438
<i>Equity Bank, Mumias Branch –Various accounts listed in Annex 2 (PMC accounts)</i>	13,029,438	24,690,790
Total	21,762,736	28,052,178
Cash Balances		
Location 1	-	-
Location 2	-	-
Other Locations <i>(Specify)</i>	-	-
Total	-	-

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20. Receivables from Exchange Transactions

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

i. Ageing Analysis for Receivables

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
	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	-	%	-	%
Total (a+b)	-	%	-	%

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21. Receivables from Non-Exchange Transactions

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Transfers from NGCDFB	14,469,857		20,850,242	
Outstanding imprest	-		-	
Total	14,469,857		20,850,242	
Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	Opening Balance	% of the total
Less than 1 year	14,469,857	100%	20,850,242	100%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	14,469,857	100%	20,850,242	100%

22. Prepayments

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

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23. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation Rate(specify)		2%	25%	12.5%	30%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	-	-	-	-	-	-	-
Additions	-	-	-	60,459	-	-	-	60,459
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	60,459	-	-	-	60,459
Depreciation And Impairment								
Opening Depreciation		-	-	-	-	-		-
Depreciation	-	-	-	(7,557)	-	-	-	(7,557)
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	7,557	-	-	-	7,557
Net Book Values								
Opening Bal as at 1 st July 2024	-	-	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	52,902	-	-	-	52,902

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Valuation

Land and buildings/ Equipment have not valued by in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30th June 2020).

22 b) Property, Plant and Equipment at Cost

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

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

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

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

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24. Intangible Assets

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

25. Right-of use assets

Description	Buildings Kshs	Plant Kshs	Equipment Kshs	Total Kshs
Cost				
As At 1 July (Comparative period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025 (Comparative Period)	-	-	-	-
Additions	-	-	-	-
As At 30 June 2025 (Current FY)	-	-	-	-
	-	-	-	-
Accumulated Depreciation				
As At 1 July 2024 (Comparative period)	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025 (Comparative period))	-	-	-	-
Charge for the period	-	-	-	-
As At 30 June 2025 (Current FY)	-	-	-	-
	-	-	-	-
Carrying Amount				
As At 30 June 2025 (Current FY)	-	-	-	-
As At 30 June 2025. (Comparative Period)	-	-	-	-

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26. Trade and Other Payables

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

27. Third-Party deposits

	Period ended June 2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Retention as at start of the period (A)	2,413,776		-	
Retention held during the period (B)	7,008,382		2,413,776.00	
Retention paid during the period (C)	8,329,702		-	
Closing Retention as at period 30th June 2025, D= A+B-C	1,092,456		2,413,776	

Retentions aging analysis.

	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	1,092,456	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	1,092,456		-	

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28. Lease Liabilities

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

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	Period ended June 2025	Opening Statement
	Kshs	1 st July 2024
Gratuity at the beginning of the period (A)	513,438	-
Gratuity held during the period (B)	809,137	513,438.00
Gratuity paid during the period (C)	888,012	-
Total Gratuity provision as at period 30 th June 2025 D=(A+B-C)	434,563.00	513,438.00

30. Cash Generated from Operations

	2024-2025
	Kshs
Surplus/Deficit for the year	(11,216,730)
Adjusted for:	
Depreciation	7,557
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase/decrease in receivables	6,380,385
Increase/decrease in payables	(1,400,196)
Net cash flow from operating activities	(6,228,984)

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
As at 30th June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	14,469,857	14,469,857	-	-
Bank balances	21,762,736	21,762,736	-	-
Total	36,232,593	36,232,593	-	-
As at 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	20,850,242	20,850,242	-	-
Bank balances	28,052,178	28,052,178	-	-
Total	48,902,415	48,902,415	-	-

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 2024. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	-	-	-	-
Current poportion of borrowings	-	-	-	-
Provisions (Retention)	-	-	1,092,456	1,092,456
Deferred income	-	-	-	-
Gratuity Provision	-	-	434,563	434,563
Total	-	-	1,527,019	1,527,019
As at 30th June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions (Retention)	-	-	2,413,776	2,413,776
Deferred income	-	-	-	-
Gratuity Provision	-	-	513,438	513,438
Total	-	-	2,927,214	2,927,214

iii) Market risk

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

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and 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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2024-2025

Description	In Kshs	Other currendes	Total
	Kshs	Kshs	Kshs
As at 30 th June 2025	N/A		
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

2024-2025

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 th June 2025	N/A		
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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
2024-2025			
Euro	N/A	-	-
USD	N/A	-	-
2023-2024			
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.

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
As at 30 June 2025				
Financial Assets				
Quoted Equity Investments	N/A	N/A	N/A	N/A
Non- Financial Assets				
Investment Property	N/A	N/A	N/A	N/A
Land And Buildings	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A
As at 30th June 2024				
Financial Assets				
Quoted Equity Investments	N/A	N/A	N/A	N/A
Non- Financial Assets				
Investment Property	-	-	-	-

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Land And Buildings	-	-	-	-
Total	-	-	-	-

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 st July 2024
	Kshs	Kshs
Revaluation Reserve	N/A	N/A
Retained Earnings	34,758,475	45,975,206
Capital Reserve	N/A	N/A
Total Funds	34,758,475	45,975,206
Total Borrowings	-	-
Less: Cash and Bank Balances	21,762,736	28,052,178
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	N/A	N/A

32. Related Party Disclosures

	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	911,000	1,507,500
Transaction with the NGCDF Board		
Transfers from the NGCDF Board during the year	176,850,242	203,756,894
Total	177,761,242	205,264,394

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 st July 2024
	Kshs	Kshs
Contingent Assets		
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
Total	N/A	N/A

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Contingent Liabilities

Description	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Contingent Liabilities	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
Total	N/A	N/A

35. Capital Commitments

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

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

36. Events after the Reporting Period

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

37. Ultimate And Holding Entity

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

38. Currency

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

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18. Annexes

Annex 1: Summary of Asset Register

Asset class	Historical Cost/valuation cost balance brought forward (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost: (Kshs) At Year End
Land	0	0	0	0
Buildings and structures	19,800,000	0	0	19,800,000
Transport equipment	4,599,500	0	0	4,599,500
Office equipment, furniture, and fittings	3,514,935	60,459	0	3,575,394
ICT Equipment and Other ICT Assets	629,515	0	0	629,515
Other Machinery and Equipment	-	-	-	-
Intangible assets	-	-	-	-
Total	28,543,950	60,459	0	28,604,409

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Annex 2 –PMC Bank Balances As At 30th June 2024

PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Ebushibungo primary school	Equity mumias	0680285242091	333,599	-
Dudi township primary school	Equity mumias	0680285479703	335,550	-
Eshikhungula primary & JSS	Equity mumias	0680285242008	550	-
Ibinda primary school	Equity mumias	0680285711917	335,550	-
St.dennis munjiti primary school	Equity mumias	0680285242107	15,116	110,000
Ebukwala primary school	Equity mumias	0680285242030	50,000	50,000
Shirotsa primary school	Equity mumias	0680285242164	77,680	2,229,204
Eshilongo primary school	Equity mumias	0680285389130	100	1,000,000
Khwisero primary school	Equity mumias	0680283957322	1,980	43,270
Ekambuli primary school	Equity mumias	0680283957039	4,300	1,478,511
Emaholia mixed secondary school	Equity mumias	0680285242176	2,600	-
Ekambuli secondary school	Kcb mumias	1267925434	1,199	1,199
Emwaniro secondary school	Kcb mumias	1268149306	7,936	7,936
Khwisero secondary school	Kcb mumias	1268645966	422	1,734
Shiongo mixed secondary school	Kcb mumias	1269838539	4,547	4,547
St. Stephens mulwanda secondary School	Kcb mumias	1267925787	50	1,640
Mundoli ack girls secondary school	Equity mumias	0680281780646	241,391	1,441,390
Shiongo mixed secondary School	Equity mumias	0680281763554	293	20,093

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Namasoli secondary school	Equity mumias	0680281781222	1,060	1,778,810
Lwanda dudi secondary school	Equity mumias	0680281765270	311,961	3,986,742
Holy cross emalindi girls secondary School	Equity mumias	0680281763374	67,080	65,080
Emwiru mixed day secondary School	Equity mumias	0680281765647	3,067	1,711,891
Khwisero girls secondary school	Equity mumias	0680281772393	12,100	510,100
Mwihila boys high school	Equity mumias	0680283955165	169,346	69,346
St.andrews emalindi mixed secondary School	Equity mumias	0680286430261	96,392	-
St.stephen mulwanda secondary School	Equity mumias	0680286442479	5,949,425	-
Dudi police station	Equity mumias	0680285242154	67,929	67,929
Khwisero law courts	Equity mumias	0680286453535	1,534,012	-
Khwisero technical and vocational college	Equity mumias	0680284218422	179	57,079
Khwisero technical & training college	Equity mumias	0680285225650	1,024	202,600
Mushikongolo primary school	Equity mumias	0680286445662	800,000	-
Emako primary school	Equity mumias	0680286459830	800,000	-
Emakuche primary school	Equity mumias	0680286442195	900,000	-
Mushiangubu primary school	Equity mumias	0680286499789	900,000	-
Munjeche primary school	Equity mumias	0680286403018	3,000	-
Ebukanga primary school	Equity-mumias	0680285389107	-	452,524
Eshiruli primary school	Equity-mumias	0680285389087	-	1,000,000

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Mundeku primary school	Equity-mumias	0680285242288	-	250,000
Assistant chief's office eshirali	Equity-mumias	0680285242212	-	953,000
Eshinutsa primary school	Equity-mumias	0680285389051	-	1,600,000
St.andrews emalindi mixed secondary school	Equity-mumias	0680285212783	-	347,359
Emako primary school	Equity-mumias	0680285487777	-	250,000
Mundoli primary school	Equity-mumias	0680285419387	-	2,467
Ebuhonga primary school	Equity-mumias	0680285242227	-	97,432
Mulwanda primary school	Equity-mumias	0680285389070	-	1,026,900
Khwisero police station staff houses	Equity-mumias	0680285242140	-	747,421
Emakuche primary school	Equity-mumias	0680285242050	-	134,869
Emutsasa primary school	Equity-mumias	0680285408123	-	3,000
Muhaka primary school	Equity-mumias	0680285389036	-	1,000,000
Emasatsi police post	Equity-mumias	0680285262802	-	2,516
Assistant chief's office mulwanda	Equity-mumias	0680285242254	-	5,000
Assistant chief's office ikomero	Equity-mumias	0680285242265	-	580,000
Eshinutsa secondary school	Equity mumias	0680280213329	-	419,750
Emung'abo primary school	Equity mumias	0680280320517	-	1,153
Emwiru primary school	Equity mumias	0680280324591	-	1,650
Emuruba primary school	Equity mumias	0680280360049	-	770

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Huluwinu primary school	Equity mumias	0680280323893	-	2,700
Eshibinga primary school	Equity mumias	0680280324863	-	9,732
Ekambuli primary school	Equity mumias	0680280321313	-	5,010
Namasoli primary school	Equity mumias	0680280324077	-	2,460
Mulufu primary school	Equity mumias	0680280324173	-	270
Mulwanda primary school	Equity mumias	0680280321691	-	620
Mushiangubu assistant chief's office	Equity mumias	0680280325316	-	5,312
Ebukanga primary school	Equity mumias	0680280322869	-	62,950
Mushichibulu primary school	Equity mumias	0680280323099	-	602
Mukhunzulu primary school	Equity mumias	0680280333976	-	432
Nyamboga primary school	Equity mumias	0680280321081	-	4,190
Ibinda secondary school	Equity mumias	0680280321945	-	1,587
Emulunya primary school	Equity mumias	0680280043956	-	1,456
Khwisero OCPD office	Equity mumias	0680279980422	-	2,858
Khwisero Ap camp headquarters	Equity mumias	0680279965111	-	5,668
Ematundu primary school	Equity mumias	0680280889375	-	9,364
St. Paul's mushinaaka mixed secondary school	Equity mumias	0680279595186	-	623
St. Mathews ikomero mixed secondary school	Equity mumias	0680279821045	-	20,951
Ekatsombero primary school	Equity mumias	0680279854775	-	17

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Mushikongolo primary school	Equity mumias	0680280768614	-	3,430
Emutsasa girls secondary school	Equity mumias	0680279620378	-	30
Eshibinga secondary school	Equity mumias	0680279857876	-	58,361
Mundeku primary school	Equity mumias	0680280482063	-	83,671
Eshikhungula primary school	Equity mumias	0680279862329	-	27,923
Assistant chief's office mundaha	Equity mumias	0680280744031	-	8,050
Khwisero Dcio's offices	Equity mumias	0680280768226	-	645
Assistant chief's office khushiku	Equity mumias	0680280751412	-	5,130
Mundaha primary school	Equity mumias	0680280722572	-	574
Emulanda primary school	Equity mumias	0680280789406	-	770
Ebuyonga primary school	Equity mumias	0680280376316	-	800
Emulunya primary school	Equity mumias	0680280161970	-	2,250
Khwisero primary school	Equity mumias	0680280851745	-	2,830
Holy cross emalindi girls secondary school	Equity mumias	0680280988380	-	99,370
St dennis munjiti secondary school	Equity mumias	0680281766192	-	47,736
Chief's office eshirombe	Equity mumias	0680281764181	-	916
Ekatsombero secondary school	Equity mumias	0680281763601	-	1,226
Mwisena primary school	Equity mumias	0680281772459	-	115,550
Elwangale primary school	Equity mumias	0680281767884	-	6,952

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Emulole primary school	Equity mumias	0680281767963	-	200
Ack ematundu boys sec/voc sch for the deaf	Equity mumias	0680281257029	-	589
Ekambuli primary school	Equity mumias	0680281763470	-	4,944
Elukari primary school	Equity mumias	0680281766031	-	22,000
Andola eshinaka primary school	Equity mumias	0680282062354	-	1,760
Mukhunzulu primary school	Equity mumias	0680281772286	-	3,084
Munyanza primary school	Equity mumias	0680281764801	-	1,714
Mulwanda primary school	Equity mumias	0680281765827	-	725
Assistant chief's office mundeku	Equity mumias	0680281978579	-	550
Mushikongolo primary school	Equity mumias	0680281767490	-	2,904
Ebukwala primary school	Equity mumias	0680280935858	-	250
Khwisero girls secondary school	Equity mumias	0680280969434	-	650
Muhaka primary school	Equity mumias	0680281763625	-	992
Mwibelenya primary School	Equity mumias	0680281767239	-	393
Luanda doho primary school	Equity mumias	0680282438805	-	400
Mushiangubu primary school	Equity mumias	0680282128373	-	6,338
Emutsasa primary school	Equity mumias	0680281768071	-	611
Mushichibulu primary school	Equity mumias	0680281767676	-	1,155
Eshilongo primary school	Equity mumias	0680282042522	-	120

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Shirotsa primary school	Equity mumias	0680281765051	-	230
Emwiru primary school	Equity mumias	0680281767763	-	1,196
Construction/extension of ocs/traffic office	Equity mumias	0680281767804	-	2,134
Emalindi primary school	Equity mumias	0680281764692	-	1,420
Gender based office khwisero	Equity mumias	0680281767848	-	3,961
Doho assistant chief's office	Equity mumias	0680281766678	-	4,916
St. Dennis munjiti secondary school	Equity mumias	0680283957108	-	214
Mushinaaka primary School	Equity mumias	0680283956860	-	23,312
Munjeche primary school	Equity mumias	0680283955372	-	2,500
Assistant chiefs office wambulisho	Equity mumias	0680283955267	-	2,555
Assistant chief office emutsasa	Equity mumias	0680283955360	-	2,036
Assistant chief office emuruba	Equity mumias	0680283955205	-	2,000
Mwihila girls secondary school	Equity mumias	0680283956883	-	2,540
Khwisero gender based office	Equity mumias	0680284694821	-	1,533
St annes dudi girls secondary school	Equity mumias	0680283955309	-	1
Ibinda secondary school	Equity mumias	0680283957179	-	2,091
Emuruba secondary school	Equity mumias	0680283955215	-	69,230
Khwisero sports	Equity mumias	0680284475706	-	500
Eshibinga primary School	Equity mumias	0680284356825	-	2,128

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PMC	Bank	Account number	Bank Balance 2024-2025	Bank Balance 2023-2024
Shirotsa primary School	Equity mumias	0680284373126	-	2,380
Ebuyonga primary School	Equity mumias	0680284306681	-	1,000
Mwikalikha primary School	Equity mumias	0680284364309	-	1,305
Mundoli primary School & JSS	Equity mumias	0680284381697	-	1,713
Eshilongo primary School	Equity mumias	0680284552614	-	1,000
Ekambuli secondary school	Coop-bank	01141234520201	-	7,308
St.joseph shirotsa secondary School	Coop-bank	01141498643701	-	32,908
Mundaha primary school	Coop-bank	01141234627901	-	53,261
Shiongo mixed secondary School	Coop-bank	01141798320000	-	41,132
St.stephen mulwanda secondaryschool	Coop-bank	011412345200301	-	18,725
Munjiti ass. Chief office	Coop-bank	01141798223400	-	6,960
Namasoli secondary school	Coop-bank	01141233239200	-	31,297
TOTAL			13,029,438	24,690,790

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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	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/AUD/KHWISERO/NGCDF/2023-2024/11	<p>1.Inaccurate compensation of Employees:</p> <p>The statement of receipts and payments reflects compensation of employees' payments of Ksh.4,061,093 as disclosed in Note 4 to the financial statements. However, the payments include unpaid gratuity to contractual employees of Ksh.718,169 resulting in an overstatement by the same amount. In the circumstances, the accuracy and completeness of compensation of employees' payments of Ksh.4,061,093 could not be confirmed.</p>	Not Resolved.	By December 2025
OAG/KRO/AUD/KHWISERO/NGCDF/2023-2024/11	<p>2.Variance in Pending Staff payables:</p> <p>The statement of assets and liabilities reflects gratuity of Ksh.513,438 as disclosed in 14 to the financial statements. However, Note 19.2 to the financial statements in respect to pending staff payables reflects Nil</p>	Not Resolved.	By December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>balance resulting to unexplained variance of a similar amount. In the circumstances, the accuracy and completeness of the Nil balance of pending staff payables could not be confirmed.</p>		
OAG/KRO/AUD/KHWISERO/NG CDF/2023-2024/11	<p>Unresolved Prior Year Matters In the previous year audit, several issues were raised under Report on the financial statements and one issue under Report on Lawfulness and Effectiveness in use of Public Resources. The Management has indicated under progress on follow up on Auditor's recommendations section that the issues were not resolved. No explanation was provided for the delay in resolving the issues.</p>	Not resolved.	By next DFAC appearance
OAG/KRO/AUD/KHWISERO/NG CDF/2023-2024/11	<p>Inadequate Implementation of Projects: The statement of receipts and payments and Note 8 to the financial statements reflect other grants and other transfers amounting to Ksh.72,128,208 which include emergency projects amounting to Ksh.14,883,633. The emergency projects expenditure includes payments of Kshs.2,000,000 and Kshs.800,000 for renovation of 5 classrooms at Mulwanda primary school</p>	Not resolved.	By December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>and 2 classrooms at Mundoli primary school respectively. The projects were completed and are in use. Physical inspection of the projects conducted in the month of December 2024 revealed that the projects had been completed and in use. However, the classrooms in Mulwanda primary school had developed structural defects including chipping off of the verandah floors and peeling off of the affixed blackboard joints. Additionally, the classrooms in Mundoli primary school had physical cracks on the walls. In the circumstances, value for money may not have been realized in the construction of the classrooms at Mulwanda and Mundoli primary schools respectively.</p>		

NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND
FUND ACCOUNTS MANAGER
08 AUG 2025
KHWISERO CONSTITUENCY
P.O. Box 124-50135, KHWISERO



Bernard S. Misiko
Fund Account Manager.