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OF

THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – KANDARA
CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE, 2023



OFFICE OF THE AUDITOR GENERAL
CENTRAL REGIONAL OFFICE

★ 22 APR 2024 ★

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KANDARA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2023

Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector
Accounting Standards (IPSAS)

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*KANDARA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

I. Acronyms and Abbreviations

Provide a list of all applicable acronyms and abbreviation e.g.

NGCDF-National Government Constituency Development Fund

PFM-Public Finance Management

IPSAS-International Public Sector Accounting Standards.

PMC- Project Management Committee

FY-Financial Year

II. 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 as amended in 2022. 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 cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) 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;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;

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- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with 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. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**– We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

Functions of NG-CDF Committee

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

(b) Key Management

The Kandara Constituency NGCDF 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 2023 and who had direct fiduciary responsibility were:

| No | Designation | Name |
|----|-----------------------|-----------------|
| 1. | A.I.E holder | Susan Nthiiri |
| 2. | Sub-County Accountant | Paul Mwai |
| 3. | Chairman NGCDFC | Samuel Kagwa |
| 4. | Member NGCDFC | Esther Kinuthia |

(c) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Kandara Constituency NGCDF. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(d) Kandara Constituency NGCDF Headquarters

P.O. Box 102-0134
Kandara NGCDF Offices
Opposite Kandara Law courts
Muranga, KENYA

(e) Kandara Constituency NGCDF Contacts

E-mail: cdfkandara@ngcdf.go.ke
Website: www.ngcdf.go.ke

***KANDARA Constituency
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(f) Kandara Constituency NGCDF Bankers

Cooperative Bank
Thika Branch

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

III. NG-CDFC Chairman's Report



The people of Kandara Constituency are determined to participate effectively in objectives mission and vision of the Kandara NGCDF in the development plan. The constituent now has power to implement the formulation and implementation of development programme in the constituency for the works within the aspiration of the constitution of Kenya which makes public participation mandatory. The utilization of the NG-CDF has always been carried out with fairness transparency, openness, and accountability.

Our key focus in the financial year 2022/2023 was construction of new more classrooms in primary and secondary school, to ensure that there is 100% enrolment of pupils as per the Government agenda.

.....


SAMUEL KAGWA
CHAIRMAN
KANDARA NGCDF COMMITTEE

IV. Statement Of Performance Against Predetermined Objectives for FY2022/23

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 *Kandara Constituency 2018-2022* plan are to:

- To improve education outcomes at all levels of learning.
- To empower constituents of Kandara Constituency socially and economically.
- To enhance security for the constituents through improving infrastructure for security provision and strengthen community policing mechanisms.
- To address environmental challenges and reduce the impact of disaster risks.
- To improve efficiency and effectiveness through streamlining funds processes and system.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading 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:

| s | Objective | Outcome | Indicator | Performance |
|-------------|--|--|--|--|
| Education | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> |
| Security | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> |
| Environment | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> |
| Sports | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> |
| Emergency | <i>No project were done during the year because of</i> | <i>No project were done during the year</i> | <i>No project were done during the year because of by-</i> | <i>No project were done during the year because of by-</i> |

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| | <i>by-election</i> | <i>bccause of by-election</i> | <i>election</i> | <i>election</i> |
|-----------------|--|--|--|--|
| Others(Specify) | <i>No project were done during the year bccause of by-election</i> | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> | <i>No project were done during the year because of by-election</i> |

V. Statement of Governance

The National Government Constituency Development Fund Committee is established under Section 43 of The National Government Constituencies Development Fund Act of 2015. The composition of the committee includes;

- (a) the national government official responsible for co-ordination of national government functions;
- (b) two men each nominated as per the guidelines one of whom shall be a youth at the date of appointment;
- (c) two women nominated as per the guidelines one of whom shall be a youth at the date of appointment;
- (d) one persons with disability nominated by a registered group representing persons with disabilities in the constituency as per the guidelines
- (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.

Operation of the committee

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

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

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

Meetings

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

Removal from office

A member of the Constituency 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.

A decision to remove a member shall be made through a resolution of at least five members of the Committee and the member sought to be removed shall be given a fair hearing before the resolution is made. A vacancy arising as a result of the removal of a member under subsection shall be filled in the manner set out in the Act and minutes of the meeting shall indicate the fact of the removal or appointment of a member.

Dissolution of Constituency Committee

A person may present a petition to the Board for the dissolution of a Constituency Committee setting out the alleged facts constituting any one or more of the following grounds for dissolution;

- (a) serious violation of the Constitution or any other law including a contravention of Chapter Six;
- (b) gross misconduct, whether in performance of the member's or office holder's functions or otherwise;
- (c) incompetence;
- (d) bankruptcy; or
- (e) any other cause as may be deemed justifiable.

VI. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

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

- a. **Education and Training:** Kandara NG-CDF 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 marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.
- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 21/22 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

- NG-CDF staff Have at least one day in FY to sensitize the local communities on proper farming methods that lead to soil conservation as well as crop and animal husbandry of NGCDF supported projects.

3. Employee welfare

We invest in providing the best working environment for our employees. Kandara 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 of 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 cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Kandara 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 policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

Kandara NGCDF Constituency is committed to fair and ethical market practises.

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 for purposes of uplifting them economically. Our ethical market practises ensure the fund get value for money on all goods and services procured.

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

Kandara NGCDF has endeavoured 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 sports and community projects.

Public Participation in Project Identification and Implementation and Monitoring

The NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, 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 NG CDF Board in accordance with the Act.

Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

The NG CDFC during bursary programme, engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

Public Awareness

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

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



.....
WILLIS MWENDA
Fund Account Manager.

VII. 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 the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-Kandara 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, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) 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; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Kandara Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Kandara Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF Kandara 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

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prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF- Kandara Constituency financial statements were approved and signed by the Accounting Officer on 18/04/ 2024.

.....
Name: Samuel Kagwa
Chairman – NGCDF Committee

Willis Mwenda
.....
Name: Willis Mwenda
Fund Account Manager

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KANDARA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 - Kandara Constituency set out on pages 1 to 40, which comprise of the statement of assets and liabilities as at 30 June, 2023, and the

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the National Government Constituencies Development Fund - Kandara Constituency as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015 (Amended 2022).

Basis for Qualified Opinion

1. Unsupported Financial Statement Balances

1.1. Committee Expenses

The statement of receipts and payments and as disclosed in Note 5 reflects an amount of Kshs.1,556,520 in respect of Committee expenses. However, the amount was not supported with records showing notices for the meeting or activities, invitation letters, work tickets, activity's programs or schedules, signed payment schedules and attendance register. Further, imprest warrants and imprest registers were not maintained. In addition, ETR's and counter receipt vouchers for items procured were not provided for audit review. Similarly, there were no Board minutes approving the imprests and the rates payable to Committee members during meetings, trainings, and bursary distribution activities. Additionally, payment vouchers were not assigned the correct expenditure vote.

The Fund spent an amount of Kshs.136,000 on training expenses for Committee members in Embu. However, there was no training need assessment for the Committee members, no back to office report and there was no evidence that the training took place.

1.2. Use of Goods and Services - Fuel, Oil & Lubricants

The statement of receipt and payment reflects use of goods and services amount of Kshs.2,274,310 as disclosed in Note 6 to the financial statements which includes an amount of Kshs.848,051 in respect of fuel, oil and lubricants . However, the amount was not supported with work tickets, counter received voucher, ETRs, detailed order and delivery note to confirm actual receipt of the fuel, oil or lubricants procured.

In the circumstances, the accuracy, regularity, and completeness of the financial statements could not be confirmed.

2. Unsupported Emergency Projects Returns

The statement of receipts and payment for the year under review, and as disclosed in Note 8 to the financial statements reflects an amount of Kshs.10,989,131 in respect to other grants and other transfers, which includes Kshs.1,869,000 in respect of emergency projects. However, the Project Management Committee minutes, monitoring and evaluation report, and inspection and acceptance committee reports were not provided for audit review.

In the circumstances, the accuracy, and completeness of the emergency project expense amounting to Kshs.1,869,000 could not be confirmed.

3. Unutilized Project Management Committee Funds

Review of Project Management Committee accounts as disclosed under Annex 5 to the financial statements reflects PMC account balance of Kshs.10,145,455. However, the Project Management Committee accounts balances have not been returned to the Constituency account besides projects being completed and handed over to the user as per Section 12(8) of the National Government Constituencies Development Fund Act, 2015 (Amended 2022). Further, the un-utilized balance of Kshs.10,145,455 accumulated from PMC accounts balances was in regard to projects whose completion status was unclear as the project's completion status and progress reports were not provided for audit.

In the circumstances, the accuracy of the PMC and retention accounts balance of Kshs.10,145,455 could not be confirmed.

4. Inaccuracies in the Cash and Cash Equivalents Balance

The statement of assets and liabilities reflect bank balances of Kshs.9,308,868 as disclosed in Note 12A to the financial statements. Review of records indicate that Management used cash imprest system to procure and run its office operations. However, no evidence was provided to indicate that the cash imprests were approved or accounted for. Further, the petty cash books together with the underlying accounting records were not provided for audit.

In addition, the bank reconciliations statements were not done on monthly basis and cash books, bank confirmation certificates together with signed bank reconciliation statements were not provided for audit.

Similarly, here were long outstanding reconciling items which were over three (3) years old and related to un-presented cheques. Detailed schedule of stale cheques indicating the individual cheques numbers, dates and amounts was not provided for audit.

In the circumstances, the accuracy and completeness of the reported cash and cash equivalents balance of Kshs.9,308,868 could not be confirmed.

5. Inaccuracies in the Summary of Fixed Asset

Annex 4 to the financial statements reflects Summary of Fixed Asset Register with a balance of Kshs.11,682,174. However, the fixed assets registers provided for audit reflected a balance of Kshs.8,509,539 resulting to an unreconciled variance of Kshs.3,172,635. Further, the asset register did not indicate key assets information like date of acquisition, costs, and book values.

Further, the assets were not tagged and the Fund's immovable assets like computers, printers and furniture were not insured.

In the circumstances, the accuracy and completeness of the asset balance of Kshs.11,682,174 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 - Kandara Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipt budget and actual on comparable basis of Kshs.43,958,311 and Kshs.31,869,431 respectively resulting to an under-funding of Kshs.12,088,880 or 27% of the budget. Similarly, the Fund spent Kshs.22,430,563 against actual receipt of Kshs.31,869,431 resulting to an under-utilization of Kshs.9,438,868.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Un-resolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and

Governance. However, Management has not resolved the issues or given any explanation for failure to implement the recommendations.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Awarding of Insurance Services

The statement of receipts and payments reflects use of goods and services amount of Kshs.2,274,310, as disclosed in Note 6 to the financial statements. Included in the expenditure amounting to Kshs.150,675 paid to an insurance Firm being renewal of premiums for the Fund motor vehicle. However, review of records including payment details revealed that there was no contract agreement signed, evaluation minutes, notification of awards to the successful bidder, and no regret letters to the unsuccessful bidders, contrary to Section 87(1), (2) and (3) of the Public Procurement and Asset Disposal Act, 2015. Further, the procurement is contrary to Section 12 (5) of the National Government Constituencies Development Fund Act, 2015 (Amended 2022) which states that every payment or instruction for payment out of the constituency Fund account shall be strictly in accordance to the minutes of a resolution of a meeting of the Constituency Committee.

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

2. Projects Implementation, Completion Status and Field Inspections

During the financial year, a total of Kshs.10,989,131 was transferred for project implementation. However, the following issues were noted during field inspection.

2.1 Un-labelled Projects

The Fund implemented various projects during the financial year under review. However, inspection of sampled projects revealed that environment projects whose activity was to construct tank bases and supply of ten thousand litres tanks to twelve (12) institutions at a cost of Kshs.228,481, totaling to Kshs.2,604,775 were not labelled.

2.2 Unutilized Asset

The Fund implemented an environment project at Gakarara Primary School by constructing a water tank base and supplying a ten thousand litres plastic water tank at

a cost of Kshs.228,481. However, during project inspection conducted in the month of March, 2024, it was observed that the tank and the tank base had broken down and the tap was vandalized.

In the circumstances, value for money spent on the construction of a tank base and supply of the water tank at a cost of Kshs.228,481 could not be confirmed.

2.3 Irregular Payment of Emergency Project Funds

The statement of receipt and payments reflects an amount of Kshs.10,989,131 in respect of other grants and transfer and as disclosed in Note 8 to the financial statements. Included in this balance was an amount of Kshs.1,869,000 transferred for emergency projects. However, there was no evidence to show that the projects funded were emergency in nature. This is contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which states that "emergency" shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents.

Further, the emergency reserve was to be reported to the Board within thirty days of the occurrence of the emergency as required by Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016.

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

3. Lack of Constituency Oversight Committee

During the year under review, the Fund had no constituency oversight committee in place for the period (November 2022 to May 2023), contrary to Section 53(1) of the National Government Constituency Development Fund Act, 2015 (Amended 2022), which requires that Constituency Oversight Committees to be appointed for every national Government Committee Development Fund.

In the circumstance, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and overall Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of a Risk Management Policy, Disaster Recovery Plan and Bursary Policy

The audit revealed that the Kandara Constituency NG-CDF did not have in place an approved Risk Management Policy and a Disaster Recovery plan and Bursary policy. This is contrary to the provisions of Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015. The Fund lacked a blueprint for identifying and mitigating against risks in case of a disaster. Further, lack bursary policy could result to irregular management of bursary funds or failure to fully achieve the intended purpose of the funds.

In the circumstances, the effectiveness of the internal control policies at the Fund could not be confirmed.

2. Lack of Internal Audit Function

During the year under review, the Fund did not have an internal audit function and the requisite audit charter, and audit workplans. Although the Management used the National Treasury internal audit department, there was no evidence that the said department conducted any audit for the Fund for the year under review. This is contrary to Section 73(4) of the Public Finance Management Act, 2012 which states that the National Government entity shall ensure that internal audits in respect of the entity are conducted in accordance with international best practices. Further, Section 73(5) of the Act, states that every National Government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

In the circumstances, the Fund lacks a review of its internal control mechanisms and governance processes.

3. Lack of Imprest Management and Control System

The statement of receipts and payments for the year ended 30 June, 2023 reflects total expenditure of Kshs.22,430,563. However, a review of records revealed that most of the Fund expenses were paid through imprests some which were not adequately supported with relevant documents including prior approvals, attendance registers, minutes and notices for meeting.

In addition, the Fund did not maintain imprest register for imprest management and control purposes. Further, in some instances, imprests were issued to officer(s) while performing their ordinary duties like preparation of financial statements and other reports which ordinarily should have been done during official hours.

Additionally, although NG-CDF Kandara Constituency maintained a manual vote book to record financial transactions, the vote book was not updated on a timely basis.

In the circumstances, internal controls of imprest management could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. 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 and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 June, 2024


KANDARA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

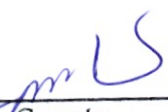
IX. Statement of Receipts and Payments for the Year Ended 30th June 2023

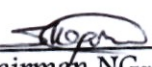
| | Note | 2022-2023 | 2021-2022 |
|---------------------------------------|------|---------------------|--------------------|
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Transfers from NGCDF Board | 1 | 7,000,000 | 182,088,879 |
| Proceeds from Sale of Assets | 2 | - | - |
| Other Receipts | 3 | 3,166,117 | 130,385 |
| TOTAL RECEIPTS | | 10,166,117 | 182,219,264 |
| PAYMENTS | | | |
| Compensation of employees | 4 | 1,180,297 | 3,299,350 |
| Committee expenses- (Restated) | 5 | 1,556,520 | 3,684,735 |
| Use of goods and services- (Restated) | 6 | 2,274,310 | 9,285,167 |
| Transfers to Other Government Units | 7 | 6,430,305 | 95,686,270 |
| Other grants and transfers | 8 | 10,989,131 | 62,285,042 |
| Acquisition of Assets | 9 | - | - |
| Oversight Committee Expenses | 10 | - | - |
| Other Payments | 11 | - | - |
| TOTAL PAYMENTS | | 22,430,563 | 174,240,564 |
| SURPLUS/DEFICIT | | (12,264,447) | 7,978,700 |

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 the NGCDFC on 18/04 2024 and signed by:


 Fund Account Manager
 Name: Willis Mwenda


 National Sub-County
 Accountant
 Name: Paul Mwai
 ICPAK M/No:12119


 Chairman NG-CDF Committee
 Name: Samuel Kagwa


KANDARA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

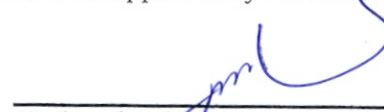
X. Statement Of Assets and Liabilities As At 30th June, 2023


| | Note | 2022-2023 | 2021-2022 |
|--|------|---------------------|-------------------|
| | | Kshs | Kshs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 12A | 9,308,868 | 21,703,315 |
| Cash Balances (cash at hand) | 12B | - | - |
| Total Cash and Cash Equivalents | | 9,308,868 | 21,703,315 |
| Accounts Receivable | | | |
| Outstanding Imprests | 13 | 130,000 | - |
| TOTAL FINANCIAL ASSETS | | 9,438,868.20 | 21,703,315 |
| FINANCIAL LIABILITIES | | | |
| Accounts Payable (Deposits) | | | |
| Retention | 14A | - | - |
| Gratuity | 14B | - | - |
| NET FINANCIAL SSETS | | 9,438,868 | 21,703,315 |
| REPRESENTED BY | | | |
| Fund balance b/fwd 1st July... | 15 | 21,703,315 | 13,724,615 |
| Prior year adjustments | 16 | - | - |
| Surplus/Deficit for the year | | (12,264,447) | 7,978,700 |
| NET FINANCIAL POSITION | | 9,438,868 | 21,703,315 |

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 CDIC on 18/04/ 2024 and signed by:


 Fund Account Manager
 Name: Willis Mwenda


 National Sub-County
 Accountant
 Name: Paul Mwai
 ICPAK M/No:12119


 Chairman NG-CDF Committee
 Name: Samuel Kagwa

KANDARA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

XI. Statement Of Cash Flows for The Year Ended 30th June 2023

| | | 2022-2023 | 2021-2022 |
|--|----|---------------------|--------------------|
| | | Kshs | Kshs |
| Receipts from operating activities | | | |
| Transfers from NGCDF Board | 1 | 7,000,000 | 182,088,879 |
| Other Receipts | 3 | 3,166,117 | 130,385 |
| | | 10,166,117 | 182,219,264 |
| Payments for operating activities | | | |
| Compensation of Employees | 4 | 1,180,297 | 3,299,350 |
| Committee expenses | 5 | 1,556,520 | 3,684,735 |
| Use of goods and services | 6 | 2,274,310 | 9,285,167 |
| Transfers to Other Government Units | 7 | 6,430,305 | 95,686,270 |
| Other grants and transfers | 8 | 10,989,131 | 62,285,042 |
| Oversight Committee Expenses | 10 | - | - |
| Other Payments | 11 | - | - |
| | | 22,430,563 | 174,240,564 |
| Adjusted for: | | | |
| Decrease/(Increase) in Accounts receivable | 17 | (130,000) | - |
| Increase/(Decrease) in Accounts Payable | 18 | - | - |
| Prior year Adjustments | 16 | - | - |
| Net Adjustments | | (130,000) | - |
| Net cash flow from operating activities | | (12,394,447) | 7,978,700 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 9 | - | - |
| Net cash flows from Investing Activities | | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | | |
| | | (12,394,447) | 7,978,700 |
| Cash and cash equivalent at BEGINNING of the year | 12 | 21,703,315 | 13,724,615 |
| Cash and cash equivalent at END of the year | | 9,308,869 | 21,703,315 |

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 18/04/2024 and signed by:

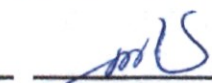
KANDARA Constituency

National Government Constituencies Development Fund (NGCDF)


Annual Report and Financial Statements for The Year Ended June 30, 2023


Fund Account Manager

Name: Willis Mwenda


National Sub-County
Accountant

Name: Paul Mwai
ICPAK M/No:12119


Chairman NG-CDF Committee

Name: Samuel Kagwa

XII. Summary Statement of Appropriation for The Year Ended 30th June 2023

| Receipt/Expense Item | Original Budget | | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|-------------------------------------|------------------|--------------------------------|--|-------------------|----------------------------|-------------------------------|------------------|
| | a | | b | c=a+b | d | e=c-d | f=d/c % |
| RECEIPTS | | Opening Balance (C/Bk) and AIA | Previous years Outstanding Disbursements | | | | |
| Transfers from NG-CDF Board | 7,000,000 | 21,703,315 | 12,088,879 | 40,792,194 | 28,703,315 | 12,088,879 | 70.4% |
| Proceeds from Sale of Assets | | | | 0 | - | - | 0.0% |
| Other Receipts | | 3,166,117 | | 3,166,117 | 3,166,117 | - | 100.0% |
| TOTAL RECEIPTS | 7,000,000 | 24,869,431 | 12,088,879 | 43,958,311 | 31,869,431 | 12,088,879 | 72.5% |
| PAYMENTS | | | | | | | |
| Compensation of Employees | | 1,250,245 | 687,834 | 1,938,079 | 1,180,297 | 757,782 | 60.9% |
| Committee expenses | | 1,649,329 | 1,244,953 | 2,894,282 | 1,556,520 | 1,337,762 | 53.8% |
| Use of goods and services | 2,000,000 | 2,163,367 | 0 | 4,163,367 | 2,274,310 | 1,889,057 | 54.6% |
| Transfers to Other Government Units | | 5,149,280 | 6,163,885 | 11,313,165 | 6,430,305 | 4,882,860 | 56.8% |
| Other grants and transfers | 5,000,000 | 11,451,094 | 1,992,207 | 18,443,301 | 10,989,131 | 7,454,170 | 59.6% |
| Acquisition of Assets | | | 0 | - | - | - | 0.0% |
| Oversight Committee Expenses | | | 0 | - | - | - | 0.0% |
| Other Payments | | | 2,000,000 | 2,000,000.00 | - | 2,000,000 | 0.0% |
| Unapproved Funds | | 3,206,117 | 0 | 3,206,117 | | 3,206,117 | 0.0% |
| TOTAL | 7,000,000 | 24,869,431 | 12,088,879 | 43,958,311 | 22,430,563 | 21,527,748 | 51.0% |

KANDARA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

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

Explanatory Notes.

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the “AIA” alongside the revenue category.]

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

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

| Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities | |
|---|------------|
| Description | Amount |
| Budget utilisation difference totals | 21,527,748 |
| Less undisbursed funds receivable from the Board as at 30 th June 2023 | 12,088,879 |
| | 9,438,868 |
| Increase/(decrease) Accounts payable | 0 |
| (Decrease)/Increase Accounts Receivable | 130,000 |
| Add/Less Prior Year Adjustments | 0 |
| Cash and Cash Equivalents at the end of the 30 th June 2023 | 9,308,868 |

The Constituency financial statements were approved by NG CDFC on 18/04/ 2024 and signed by:


 Fund Account Manager

Name: Willis Mwenda


 National Sub-County Accountant

Name: Paul Mwai
 ICPAK M/No:12119


 Chairman NG-CDF Committee

Name: Samuel Kagwa

KANDARA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

XIII. Budget Execution By Sectors And Projects For The Year Ended 30th June 2023

| Programme/Sub-programme | Original Budget(a) | Adjustments(b) | | Final Budget c = (a+b) | Actual on comparable basis(d) | Budget utilization difference(e = c-d) |
|---|--------------------|--------------------------------|--|------------------------|-------------------------------|--|
| | 2022-2023 | Opening Balance (C/Bk) and AIA | Previous years Outstanding Disbursements | 2022-2023 | 30/6/2023 | |
| | Kshs | | | Kshs | Kshs | Kshs |
| 1.0 Administration and Recurrent | | | | | | |
| 1.1 Compensation of employees | | 1,250,245 | | 1,250,245 | 1,180,297 | 69,948 |
| 1.2 Committee allowances | | 817,910 | 564,953 | 1,382,863 | 703,720 | 679,143 |
| 1.3 Use of goods and services | 2,000,000 | 1,575,528 | 378,815 | 3,954,343 | 2,138,310 | 1,816,033 |
| Sub-Total | 2,000,000 | 3,643,683 | 943,768 | 6,587,451 | 4,022,327 | 2,565,124 |
| 2.0 Monitoring and evaluation | | | | | | |
| 2.1 Capacity building | | 68,836 | 309,019 | 377,855 | 136,000 | 241,855 |
| 2.2 Committee allowances | | 140,195 | 680,000 | 820,195 | 637,800 | 182,395 |
| 2.3 Use of goods and services | | 440,013 | - | 440,013 | 215,000 | 225,013 |
| Sub-Total | - | 649,044 | 989,019 | 1,638,063 | 988,800 | 649,263 |
| 3.0 Emergency | | | | | | |
| 3.1 Primary Schools | | | | | | |
| Kianyingi Primary School | | | | | 1,869,000 | |
| 3.5 Unutilised | | 1,875,027 | 1,692,207 | 3,567,234 | | 1,698,234 |

*KANDARA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

| Programme/Sub-programme | Original Budget(a) | Adjustments(b) | | Final Budget c = (a+b) | Actual on comparable basis(d) | Budget utilization difference(e = c-d) |
|---------------------------------|--------------------|--------------------------------|--|------------------------|-------------------------------|--|
| | 2022-2023 | Opening Balance (C/Bk) and AIA | Previous years Outstanding Disbursements | 2022-2023 | 30/6/2023 | |
| Sub-Total | - | 1,875,027 | 1,692,207 | 3,567,234 | 1,869,000 | 1,698,234 |
| 4.0 Bursary and Social Security | | | | - | | |
| 4.1 Secondary Schools | 5,000,000 | | | 5,000,000 | - | 5,000,000 |
| 4.2 Tertiary Institutions | | 5,605,049 | | 5,605,049 | 5,550,000 | 55,049 |
| 4.3 Social Security | | | | - | | - |
| 4.4 Special Needs | | | | - | - | |
| Sub-Total | 5,000,000 | 5,605,049 | - | 10,605,049 | 5,550,000 | 5,055,049 |
| 5.0 Sports | | | | | | |
| Constituency sports tournament | | 964,778 | | 964,778 | 965,210 | (432) |
| Sub-Total | - | 964,778 | - | 964,778 | 965,210 | (432) |
| 6.0 Environment | | | | | | |

KANDARA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

| Programme/Sub-programme | Original Budget(a) | Adjustments(b) | | Final Budget c = (a+b) | Actual on comparable basis(d) | Budget utilization difference(e = c-d) |
|--|--------------------|--------------------------------|--|------------------------|-------------------------------|--|
| | | Opening Balance (C/Bk) and AIA | Previous years Outstanding Disbursements | | | |
| | 2022-2023 | | | 2022-2023 | 30/6/2023 | |
| Githumu Police Station,Gakarara Primary School, Gakoigo Primary School, Gathaiti Primary School, Githunguri Girls High School, Kandara Primary School, Mukuria Secondary ,School, Naaro High School, Ngararia Girls High School, O C P D Office, Riandegwa Primary School,Waitua Primary School, Tobena Agencies | | 3,006,241 | 300,000 | 3,306,241 | 2,604,921 | 701,320 |
| | | | | - | | - |
| Sub-Total | - | 3,006,241 | 300,000 | 3,306,241 | 2,604,921 | 701,320 |
| 7.0 Primary Schools Projects | | | | | | |
| Gituru primary school | | | 2,590,936 | 2,590,936 | | 2,590,936 |
| Kagira primary school | | | 1,922,949 | 1,922,949 | | 1,922,949 |
| Sub-Total | - | - | 4,513,885 | 4,513,885 | - | 4,513,885 |
| 8.0 Secondary Schools Projects | | | | | | - |
| Waitua Secondary School | | 4,149,280 | | 4,149,280 | 4,149,280 | - |
| Githumu Day Secondary School | | | 1,650,000.00 | 1,650,000 | | 1,650,000 |
| Manjuu Secondary School | | 770,214 | - | 770,214 | 765,792 | 4,422 |

*KANDARA Constituency
National Government Constituencies Development Fund (NGCDF)
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| Programme/Sub-programme | Original Budget(a) | Adjustments(b) | | Final Budget c = (a+b) | Actual on comparable basis(d) | Budget utilization difference(e = c-d) |
|---|--------------------|--------------------------------|--|------------------------|-------------------------------|--|
| | | Opening Balance (C/Bk) and AIA | Previous years Outstanding Disbursements | | | |
| | 2022-2023 | | | 2022-2023 | 30/6/2023 | |
| Manjuu Secondary School | | 565,233 | | 565,233 | 565,233 | - |
| Waitua Secondary School | | 1,000,000.00 | | 1,000,000 | 950,000 | 50,000 |
| Sub-Total | - | 6,484,727 | 1,650,000 | 8,134,727 | 6,430,305 | 1,704,422 |
| 9.0 Tertiary institutions Projects | | | | - | | - |
| | | | | | | - |
| Total | - | | - | - | - | - |
| 10.0 Security Projects | | | | - | | - |
| | | | | - | | - |
| | | | | | | - |
| Total | - | - | - | - | - | - |
| 11.0 Acquisition of assets | | | | - | | - |
| | - | | - | - | - | - |
| | - | | - | - | - | - |
| Sub-Total | - | - | - | - | - | - |
| 12.0 Oversight Committee Expenses (itemize) | | | | | | |

*KANDARA Constituency
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| Programme/Sub-programme | Original Budget(a) | Adjustments(b) | | Final Budget c = (a+b) | Actual on comparable basis(d) | Budget utilization difference(e = c-d) |
|-------------------------|--------------------|--------------------------------|--|------------------------|-------------------------------|--|
| | | Opening Balance (C/Bk) and AIA | Previous years Outstanding Disbursements | | | |
| | 2022-2023 | | | 2022-2023 | 30/6/2023 | |
| | - | | - | - | | - |
| Sub-Total | - | | - | - | | - |
| 13.0 Other payments | | | | - | | - |
| Electricity | | | 2,000,000 | 2,000,000 | | 2,000,000 |
| Sub-Total | - | - | 2,000,000 | 2,000,000 | | 2,000,000 |
| 14.0 Unallocated fund | | | | | | |
| Unapproved projects | | | | - | | - |
| AIA | | 40,000.00 | | 40,000 | | 40,000 |
| PMC savings | | 2,600,883 | | 2,600,883 | | 2,600,883 |
| Sub-Total | - | 2,640,883 | - | 2,640,883 | - | 2,640,883 |
| Total | 7,000,000 | 24,869,431 | 12,088,879 | 43,958,311 | 22,430,563 | 21,527,748 |

(NB: This statement is a disclosure statement indicating the utilisation in the same format as the entity's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury

XIV. Significant Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits (gratuity and retentions).

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF- Kandara Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the entity for all the years presented.

a) Recognition of Receipts

The entity recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Entity.

Significant Accounting Policies continued

Transfers from the National Government Constituency Development Fund (NG-CDF)

Transfers from the NG-CDF to the constituency are recognized when cash is received in the Constituency account.

Proceeds from Sale of Assets

Proceeds from disposal of assets are recognized as and when cash is received in the constituency account.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from sale of tender documents, rent receipts, interest earned on bank balances, hire of Plant/Equipment/Facilities, Unutilized funds from PMCs among others.

Unutilized Funds from PMCs.

All unutilized funds of the Project Management Committee (PMC) are returned to the constituency account. Unutilized funds from PMCs are recognised as other receipts upon return to the constituency account.

External Assistance

External assistance refers to grants and loans received from local, multilateral and bilateral development partners. In the year under review there was no external assistance received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the entity.

Significant Accounting Policies continued

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each constituency and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

In-kind contributions are donations that are made to the constituency in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the constituency includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

Significant Accounting Policies continued

6. Cash and Cash Equivalent.

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 insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

Significant Accounting Policies continued

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

For the purposes of these financial statements, Deposits (gratuity and retentions) held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Gratuity earned on monthly is held on behalf of the employee and later paid at the end of the contract period. This is an enhancement to the cash accounting policy adopted by National Government Constituencies Development Fund as prescribed by PSASB. Other liabilities including pending bills are disclosed in the financial statements.

Significant Accounting Policies continued

9. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the entity at the end of the financial year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

10. Unutilized Fund

Unutilized funds consist of bank balances in the constituency account and funds not yet disbursed by the Board to the constituency at the end of the financial year. These balances are available for use in the subsequent financial year to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(2) of NGCDF Act, 2015

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 08 June 2022 for the period 1st July 2022 to 30th June 2023 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 comparable budget for the financial year under review has been included in the financial statements.

12. Comparative Figures

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

Significant Accounting Policies Continued

13. 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 30th June 2023.

14. Errors

Material prior period errors are corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

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.

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XV. Notes To the Financial Statements

1. Transfers from NGCDF Board

| Description | 2022-2023 | 2021-2022 |
|-------------------|---------------------|--------------------|
| Normal Allocation | Kshs | Kshs |
| B140914 | | 33,000,000 |
| B140565 | | 12,000,000 |
| B05651 | | 44,000,000 |
| B105790 | | 22,000,000 |
| B128526 | | 5,000,000 |
| B154035 | | 12,000,000 |
| B128838 | | 12,000,000 |
| B164478 | | 18,000,000 |
| B155835 | | 24,088,879 |
| B205968 | 7,000,000 | |
| TOTAL | 7,000,000.00 | 182,088,879 |

2. Proceeds From Sale of Assets

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Receipts from the Sale of Buildings | | - |
| Receipts from the Sale of Vehicles and Transport Equipment | | - |
| Receipts from the Sale Plant Machinery and Equipment | | - |
| Receipts from the Sale of Office and General Equipment | | - |
| TOTAL | - | - |

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3. Other Receipts

| Description | 2022-2023 | 2021-2022 |
|---|------------------|----------------|
| | Kshs | Kshs |
| Interest Received | | - |
| Rents | | - |
| Receipts Sale of Tender Documents | | - |
| Hire of plant/equipment/facilities | - | - |
| Unutilized funds from PMCs | 3,166,117 | - |
| Other Receipts Not Classified Elsewhere (specify) | - | 130,385 |
| TOTAL | 3,166,117 | 130,385 |

KANDARA Constituency
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Notes To the Financial Statements (Continued)

4. Compensation Of Employees

| Description | 2022-2023 | 2021-2022 |
|--|------------------|------------------|
| | Kshs | Kshs |
| NG-CDFC Basic staff salaries | 1,180,297 | 2,033,293 |
| Personal allowances paid as part of salary | | |
| House allowance | | - |
| Transport allowance | - | - |
| Leave allowance | - | - |
| Gratuity-contractual employees | - | 1,232,457 |
| Employer Contributions Compulsory national social security schemes | | 33,600 |
| TOTAL | 1,180,297 | 3,299,350 |

5. Committee Expenses

| Description | 2022-2023 | 2021-2022 |
|--------------------------|------------------|------------------|
| Sitting allowance | 703,720 | 2,510,360 |
| Other committee expenses | 852,800 | 1,174,375 |
| TOTAL | 1,556,520 | 3,684,735 |

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6. Use of Goods and services

| Description | 2022-2023 | 2021-2022 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Utilities, supplies and services | 76,957 | 614,750 |
| Communication, supplies and services | - | 200,000 |
| Domestic travel and subsistence | 149,400 | 65,600 |
| Printing, advertising and information supplies & services | - | 343,600 |
| Rentals of produced assets | - | - |
| Training expenses | 136,000 | 5,000,440 |
| Hospitality supplies and services | 100,000 | - |
| Insurance costs | 150,675 | 150,675 |
| Specialised materials and services | - | - |
| Office and general supplies and services | 400,000 | 512,360 |
| Fuel , oil & lubricants | 600,000 | 1,546,671 |
| Other operating expenses | - | 741,191 |
| Bank Charges | - | 109,880 |
| Security operations | - | - |
| Routine maintenance - vehicles and other transport equipment | 661,278 | - |
| Routine maintenance- other assets | - | - |
| TOTAL | 2,274,310 | 9,285,167 |

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Notes To The Financial Statements (Continued)

7. Transfer To Other Government Units

| Description | 2022-2023 | 2021-2022 |
|------------------------------------|------------------|-------------------|
| | Kshs | Kshs |
| Transfers to Primary Schools | - | 53,174,585 |
| Transfers to Secondary Schools | 6,430,305 | 42,511,685 |
| Transfers to Tertiary Institutions | - | |
| TOTAL | 6,480,305 | 95,686,270 |

8. Other Grants and Other transfers

| Description | 2022-2023 | 2021-2022 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Bursary - Secondary (see attached list) | - | 25,169,386 |
| Bursary -Tertiary (see attached list) | 5,550,000 | 13,274,702 |
| Bursary- Special Schools | - | - |
| Mocks & CAT (see attached list) | - | - |
| Social Security programmes (NHIF) | - | |
| Security Projects (see attached list) | - | 10,138,554 |
| Sports Projects (see attached list) | 965,210 | 5,765,700 |
| Environment Projects (see attached list) | 2,604,921 | 2,607,700 |
| Emergency Projects (see attached list) | 1,869,000 | 5,329,000 |
| Roads Projects | - | - |
| TOTAL | 10,989,131 | 62,285,042 |

KANDARA Constituency
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Notes To the Financial Statements (Continued)

9. Acquisition Of Assets

| | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Purchase of Buildings | | |
| Construction of Buildings | | |
| Refurbishment of Buildings | | |
| Purchase of Vehicles and Other Transport Equipment | | |
| Purchase of Household Furniture and Institutional Equipment | | |
| Purchase of Office Furniture and General Equipment | | |
| Purchase of ICT Equipment, Software and Other ICT Assets | | |
| Purchase of Specialized Plant, Equipment and Machinery | | |
| Rehabilitation and renovation of plant, machinery and equipment | | |
| Acquisition of Land | | |
| Acquisition Intangible Assets | | |
| Total | - | - |

10. Oversight Committee Expenses

| | 2022-2023 | 2021-2022 |
|----------------|-----------|-----------|
| | Kshs | Kshs |
| Strategic plan | | |
| ICT Hub | | |
| | - | - |

11. Other Payments

| | 2022-2023 | 2021-2022 |
|----------------|-----------|-----------|
| | Kshs | Kshs |
| Strategic plan | | |
| ICT Hub | | |
| | - | - |

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12. Cash Book Bank Balance

| Name of Bank, Account No. & currency | 2022-2023 | 2021-2022 |
|--|------------------|---|
| | Kshs (30/6/2023) | Kshs (30/6/2022) |
| <i>Co operative Bank, Kandara branch. A/C No. 01120074486100</i> | 9,308,868 | 21,703,315 |
| | - | - |
| | - | - |
| TOTAL | 9,308,868 | 21,703,315 |
| | | |
| 12B: CASH IN HAND) | | |
| | | |
| | 2022-2023 | 2021-2022 |
| | Kshs (30/6/2023) | Kshs (30/6/2022) |
| Location 1 | - | - |
| Location 2 | - | - |
| Location 3 | - | - |
| Other receipts (specify) | - | - |
| TOTAL | - | - |
| | | |
| | | <i>[Provide cash count certificates for each,</i> |

13. Outstanding Imprests

| <i>Name of Officer or Institution</i> | <i>Date Imprest Taken</i> | <i>Amount Taken</i> | <i>Amount Surrendered</i> | <i>Balance</i> |
|---|-------------------------------|---------------------|-------------------------------|----------------|
| | | <i>Kshs</i> | <i>Kshs</i> | <i>Kshs</i> |
| <i>Susan Nthiiri</i> | | 130,000 | - | 130,000 |
| | | - | - | - |
| | | - | - | - |
| TOTAL | | 130,000 | - | 130,000 |

[Include an annex if the list is longer than 1 page.]

KANDARA Constituency
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Notes to the Financial Statement Continued

14. Retention and Gratuity

| 14 A. Retention | 2022-2023 | 2021-2022 |
|--|------------------|------------------|
| | KShs | KShs |
| Retention as at 1 st July (A) | | |
| Retention held during the year (B) | | |
| Retention paid during the Year (C) | | |
| Closing Retention as at 30 th June D= A+B-C | ~ | ~ |

| 14 B. Gratuity | 2022-2023 | 2021-2022 |
|---|------------------|------------------|
| | KShs | KShs |
| Gratuity as at 1 st July (A) | | |
| Gratuity held during the year (B) | | |
| Gratuity paid during the Year (C) | | |
| Closing Gratuity as at 30 th June D= A+B-C | ~ | ~ |

15. Fund Balance B/F

| | (1st July 2022) | (1st July 2021) |
|-------------------------------------|-----------------------------------|-----------------------------------|
| | Kshs | Kshs |
| Bank accounts | 21,703,315 | 13,724,615 |
| Cash in hand | | |
| Imprest | | |
| Total | 21,703,315 | 13,724,615 |
| Less | | |
| Payables: - Retention | | |
| Payables – Gratuity | | |
| Fund Balance Brought Forward | 21,703,315 | 13,724,615 |

[Provide short appropriate explanations as necessary]

16. Prior Year Adjustments

| | Balance b/f as per Audited Financial statements | Adjustments | Adjusted Balance** BF |
|---------------------------|--|-------------|--------------------------|
| Description of the error | Kshs | Kshs | Kshs |
| Bank account Balances | | | |
| Cash in hand | | | |
| Accounts Payables | | | |
| Receivables | | | |
| Others (<i>specify</i>) | | | |
| Total | ~ | ~ | ~ |

** The adjusted balances are not carried down on the face of the financial statement.
 (Entity to provide disclosure on the adjusted amounts)

17. Changes In Accounts Receivable – Outstanding Imprests

| | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | KShs | KShs |
| Outstanding Imprest as at 1 st July (A) | - | |
| Imprest issued during the year (B) | 130,000 | |
| Imprest surrendered during the Year (C) | - | |
| closing accounts in account receivables D= A+B-C | 130,000 | - |
| Net changes in accounts Receivables D - A | 130,000 | ~ |

18. Changes In Accounts Payable – Deposits and Retentions

| | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | KShs | KShs |
| Deposit and Retentions as at 1 st July (A) | | |
| Deposit and Retentions held during the year (B) | | |
| Deposit and Retentions paid during the Year (C) | | |
| closing account payables D= A+B-C | - | - |
| Net changes in accounts payables D-A | ~ | ~ |

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Notes To the Financial Statements (Continued)

19. Other Important Disclosures

19.1: Pending Accounts Payable (See Annex 1)

| | 2022-2023 | 2021-2022 |
|-----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Construction of buildings | | |
| Construction of civil works | | |
| Supply of goods | | |
| Supply of services | | |
| Total | - | - |

19.2: Pending Staff Payables (See Annex 2)

| | 2022-2023 | 2021-2022 |
|---------------------------|-----------|-----------|
| | Kshs | Kshs |
| NGCDFC Staff | | |
| Others (<i>specify</i>) | | |
| Total | - | - |

19.3: Unutilized Fund (See Annex 3)

| | 2022-2023 | 2021-2022(Restated) |
|---|-------------------|---------------------|
| | Kshs | Kshs |
| Compensation of employees | 69,948 | 1,938,079 |
| Committee expenses | 861,538 | 2,894,282 |
| Use of goods and services | 2,282,901 | 2,163,367 |
| Amounts due to other Government entities (see attached list) | 6,218,307 | 10,313,165 |
| Amounts due to other grants and other transfers (see attached list) | 7,454,170 | 14,443,301 |
| Acquisition of assets | - | - |
| Oversight Committee Expenses | - | - |
| Others (<i>specify</i>) | 2,000,000 | 2,000,000 |
| Funds pending approval | 2,640,883 | 40,000 |
| Total | 21,527,748 | 33,792,194 |

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19.4: PMC account balances (See Annex 5)

| | 2022-2023 | 2021-2022 |
|--|------------------|------------------|
| | Kshs | Kshs |
| PMC account balances (see attached list) | 10,254,455 | |
| Total | | |

XVI. Annexes

Annexes: 1 Analysis of Pending Accounts Payable

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance | Comments |
|-------------------------------|-----------------|-----------------|---------------------|---------------------|----------|
| | a | b | c | d=a-c | |
| Construction of buildings | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| Sub-Total | | | | | |
| Construction of civil works | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| Sub-Total | | | | | |
| Supply of goods | | | | | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| Sub-Total | | | | | |
| Supply of services | | | | | |
| 10. | | | | | |
| Sub-Total | | | | | |
| Grand Total | | | | | |

Annex 2 - Analysis of Pending Staff Payables

| Name of Staff | Designation | Date employed | Outstanding Balance 30 th June 2023 | Comments |
|---------------|-------------|---------------|---|----------|
| NG-CDFC Staff | | | | |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| Sub-Total | | | | |
| Grand Total | | | | |

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Annex 3 – Unutilized Fund

| Name | Brief Transaction Description | Outstanding Balance | Outstanding Balance | Comments |
|---|---|---------------------|----------------------|----------|
| | | 2022-2023 | 2021-2022 (Restated) | |
| Compensation of employees | For payment of salaries | 69,948 | 1,250,245 | |
| Use of goods & services | For payment of utilities, committee allowances and other office expenditure | 3,144,439 | 4,975,269 | |
| Amounts due to other Government entities | | | | |
| Gituru Primary School | Renovation of 12 classrooms | 2,590,936 | 2,590,936 | |
| Kagira Primary School | Renovation of 9 classrooms | 1,922,949 | 1,922,949 | |
| Githumu Day Secondary School | Construction of 2 classrooms | 1,650,000 | 1,650,000 | |
| Waitua Secondary School | Construction of laboratory | 4,149,280 | | |
| Manjiu Secondary School | Construction of laboratory | 4,422 | 770,214 | |
| | | | | |
| Sub-Total | | 6,168,307 | 11,083,379 | |
| Amounts due to other grants and other transfers | | | | |
| Bursary - Secondary (see attached list) | Award of bursary to needy students | 5,000,000 | | |
| Bursary -Tertiary (see attached list) | Award of bursary to needy students | 55,049 | 5,605,049 | |
| Sports Projects (see attached list) | Sports tournament in the constituency | (432) | 964,778 | |

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| | | | |
|---|--|-------------------|-------------------|
| Environment Projects (see attached list) | Purchase of tanks and construction of concrete tank bases | 701,320 | 3,306,241 |
| Emergency Projects (see attached list) | To cater for any unforeseen occurrence in the constituency | 1,748,234 | 4,567,234 |
| | | | |
| Sub-Total | | 7,504,170 | 14,443,301 |
| Acquisition of assets | | - | |
| | | | |
| Oversight Committee Expenses(itemize) | | - | |
| | | | |
| Others (specify) | | | |
| Electricity | Installation of two transformers co-funding with REA | 2,000,000 | 2,000,000 |
| | | | |
| Sub-Total | | 2,000,000 | 2,000,000 |
| Funds pending approval | Funds returned from PMCs and AIA | 2,640,883 | 40,000 |
| Grand Total | | 21,527,748 | 33,792,194 |

Annex 4 – Summary of Fixed Asset Register

| Asset class | Historical Cost b/f | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost |
|--|---------------------|-------------------------------------|-------------------------------------|-------------------|
| | (Kshs) | | | (Kshs) |
| | 2021/2022 | | | 2022/2023 |
| Land | - | - | - | - |
| Buildings and structures | 2,581,540 | - | - | 2,581,540 |
| Transport equipment | 7,898,000 | - | - | 7,898,000 |
| Office equipment, furniture and fittings | 495,984 | - | - | 495,984 |
| ICT Equipment, Software and Other ICT Assets | 706,650 | - | - | 706,650 |
| Other Machinery and Equipment | - | - | - | - |
| Heritage and cultural assets | - | - | - | - |
| Intangible assets | - | - | - | - |
| Total | 11,682,174 | - | - | 11,682,174 |

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Annex 5 –PMC Bank Balances As At 30th June 2023

| PMC | Bank | Account number | Bank Balance 2022-2023 |
|-----------------------------|--------------|----------------|---------------------------|
| GAICHANJIRU MIXED SEC | EQUITY KENOL | 890283060235 | 441,415 |
| GAKUI SEC SCH | EQUITY KENOL | 890281012133 | 164,211 |
| GATITU-INI SEC SCH | EQUITY KENOL | 890283593878 | 2,932,325 |
| GICHAGI-INI DAY | EQUITY KENOL | 890202473450 | 343,979 |
| GITHUMU DAY SEC SCH | EQUITY KENOL | 890282243708 | 79,823 |
| GITHUMU POLICE STATION -OCS | EQUITY KENOL | 890282474800 | 197,613 |
| GITHUMU PRIMARY SCH | EQUITY KENOL | 890282975328 | 204,572 |
| GITURU PRIMARY SCH | EQUITY KENOL | 890282175944 | 91,453 |
| KAGIRA PRIMARY SCH | EQUITY KENOL | 890282172140 | 69,900 |
| KAMICEE PRIMARY SCH | EQUITY KENOL | 890282974167 | 372,882 |
| KANDARA OCPD OFFICE | EQUITY KENOL | 890279865293 | 3,603 |
| KANDARA PRIMARY SCHOOL | EQUITY KENOL | 890279867585 | 30,277 |
| KAWANJERU PRIMARY SCH | EQUITY KENOL | 890281196646 | 373,023 |
| KIANYINGI PRIMARY SCH | EQUITY KENOL | 890283007413 | 131,299 |
| KIIRI PRIMARY SCH | EQUITY KENOL | 890282472847 | 471,945 |
| KIIRI SEC SCH | EQUITY KENOL | 890282645992 | 165,257 |
| KIRANGA PRIMARY SCHOOL | EQUITY KENOL | 890282502638 | 303,973 |
| KIRIRWA SEC SCH | EQUITY KENOL | 890282975107 | 273,631 |
| MAKENJI POLICE STATION | EQUITY KENOL | 890282172202 | 241,359 |
| MAKINDI PRIMARY SCH | EQUITY KENOL | 890282474956 | 358,923 |
| MANJUU SEC SCH | EQUITY KENOL | 890279651047 | 44,275 |
| MUGAA-INI PRIMARY SCH | EQUITY KENOL | 890282983262 | 383,061 |
| MUGECHA PRIMARY SCH | EQUITY KENOL | 890282995476 | 419,001 |
| MUKERENJU PRIMARY SCH | EQUITY KENOL | 890282581762 | 501,509 |
| MURUKA SEC SCH | EQUITY KENOL | 890281279849 | 413,065 |
| NAARO HIGH SCH | EQUITY KENOL | 890282495976 | 172,596 |
| THAGARI PRIMARY SCH | EQUITY KENOL | 890283001082 | 169,650 |

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| | | | |
|----------------------------|--------------|--------------|-------------------|
| WAITVA SEC SCH - CLASSROOM | EQUITY KENOL | 890282286160 | 740,555 |
| WAITVA SEC SCH - ABLUTION | EQUITY KENOL | 890282646099 | 159,280 |
| Total | | | 10,254,455 |

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Annex 6: Progress On Follow Up of Auditor Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|--------------------------------------|---|
| | <p>Note 12. A to the financial statements reflects Nil balances and relation to retention monies. However, during the financial year ended 30th June, 2022, the Fund has disbursed amount of Kshs. 95,686,270 to various contractor for work undertaken. Review of project management committee (PMC) accounts reviewed that there existed for record of retention monies for completed projects. It was therefore, not possible to confirm how much money is in the PMC bank accounts in respect of retention monies which the contractors are owed. In the circumstances, the accuracy and presentation of the financial statements component of retention monies could not be confirmed.</p> | <p>Going forward we will prepare returns for the PMC accounts</p> | <p>Resolved</p> | |
| | <p>The summary statement of appropriation reflects final</p> | <p>The same was due to late receipt of funds from the</p> | <p>Resolved</p> | |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: <i>(Resolved / Not Resolved)</i> | Timeframe: <i>(Put a date when you expect the issue to be resolved)</i> |
|--|---|-----------------------------|---|--|
| | <p>receipts budget and actual on comparable basis of Kshs. 208,070,758 and Kshs. 195,943,879, respectively resulting to underfunding of Kshs. 12,126,879 or 7%. However, the statement reflects final expenditure budget and actual on comparable basis of Kshs. 208,070,758 and Kshs. 174,240,564 respectively resulting to an under-expenditure of ksh 33,830,194 of 16% of the budget. In the circumstances, the under-expenditure affected the planned activities and may have impacted negatively services delivery to the public.</p> | NGCDF Board | | |
| | <p>Note 7 to the financial statements reflects an amount of Kshs. 62,285,042 in respect of other grants and transfer which include Kshs. 10,138,554 in respect of security project to the constituency. However physical inspection conducted in the month of March, 2023 on the status of various project revealed that Makenji police</p> | The projects are now in use | Resolved | |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|--------------------------------------|---|
| | <p>post office block constructed at cost of Kshs. 2,295,563 and Kandara OCPD phase 2 block constructed at a sum of Kshs. 2,268,383 had been completed and handed over to the intended users. It was however, noted that the office blocks were not being utilized as the security managements cited lack of office furniture. In the circumstances, value for the money may not have been realized on the expenditure of Kshs. 10,138,554 for the security projects.</p> | | | |
| | <p>Note 7 to the financial statements reflects other grants and other transfer amount of Kshs. 62,285,042 which include Kshs. 25,169,386 and Kshs. 13,274,702 for bursary-secondary school and tertiary institutions respectively. However, the Fund did not have documented bursary policy and guideline for efficient and effective award of bursary to the needy students and it's not clear how the different bursary</p> | <p>The committee uses the bursary guidelines issued the the Board. The same has been shared in the audit of 2022/2023</p> | <p>Resolved</p> | |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--------------------------------------|---|
| | <p>amount were determined. Further, bursary committee minutes were not provided for the review on the bursary may not have been paid to the needy students. In the circumstances, value for money on the Kshs. 25,169,386 and Kshs. 13,274,702 for bursary-secondary and tertiary institution, respectively could not be confirmed.</p> | | | |
| | <p>The disclosure Annex 4 of the financial statements for the year ended 30th June, 2022 reflects an amount of Kshs. 11,682,174 in respects of the summaries of the fixed asset register is at 30th June, 2022. However, it was noted that only one motor vehicle had insurance cover while other assets had not been insured against insurable risks. Further, valuation has not been done for the assets since they were procured, and the accuracy of the reported balance on the summary of fixed assets could not be ascertained. In the</p> | <p>The assets will be insured and valued going forward</p> | | <p>30th June 2024</p> |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: <i>(Resolved / Not Resolved)</i> | Timeframe: <i>(Put a date when you expect the issue to be resolved)</i> |
|--|--|---------------------|---|--|
| | circumstances the effectiveness of the control and risk management could not be confirmed. | | | |

Wimukda

.....
Name
Fund Account Manager.