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REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT | FIFTH SESSION - 2026

DECENTRALIZED FUNDS ACCOUNTS COMMITTEE

NINETEENTH REPORT OF THE COMMITTEE ON ITS EXAMINATION OF THE REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) FOR CONSTITUENCIES IN NAIROBI AND KAJIADO COUNTIES FOR THE FINANCIAL YEARS 2013/2014 TO 2022/2023

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 06 OCT 2026
DAY. Tuesday
TABLED BY: Hon. Owen Baya, MP Deputy Leader of Majority Party
CLERK-AT-THE-TABLE: A. Chibuko

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The National Assembly
Parliament Buildings
NAIROBI.

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LIST OF ABBREVIATIONS AND ACRONYMS

BOQ/ BQ	Bill of Quantities
CoK	Constitution of Kenya, 2010
FAM	Fund Account Manager
FY	Financial Year
GIS	Geographical Information System
IPSAS	International Public Sector Accounting Standards
KeRRA	Kenya Rural Roads Authority
MDA	Ministries, Departments and Agencies
MP	Member of Parliament
NG-CDF	National Government Constituencies Development Fund
NG-CDFC	National Government Constituencies Development Fund Committee
OAG	Office of the Auditor General
PMC	Project Management Committee
PIS	Project Implementation Status
PSASB	Public Sector Accounting Standards Board
REA	Rural Electrification Authority
REREC	Rural Electrification and Renewable Energy Corporation

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CHAIRPERSON'S FOREWORD

The Decentralized Funds Accounts Committee is amongst the six Watchdog Committees in the Thirteenth Parliament that examine reports of the Auditor General laid before the National Assembly to ensure probity, efficiency, and effectiveness in the use of public funds.

The Committee was established in the First Session of the Thirteenth (13th) Parliament pursuant to the **National Assembly Standing Order 205B** to examine reports of the Auditor General for the National Government Constituencies Development Fund, the National Government Affirmative Action Fund, and their respective Boards.

In examining the Accounts of the Auditor General, the Committee invited the Fund Account Managers, both current and former, to clarify various issues raised by the Auditor General during their tenure in office, given the critical role they play as AIE holders, as stipulated under Section 12(4) of the NG-CDF Act (CAP. 414A).

This report, therefore, contains observations, findings and recommendations arising from examination of **one hundred and seven (107) reports** of the Auditor-General for the National Government Constituencies Development Fund for Constituencies in **Nairobi County** for the Financial Years 2016/17 to 2022/2023 and of **fifty (50) reports** of the Auditor-General for the National Government Constituencies Development Fund for Constituencies in **Kajiado County** for the Financial Years 2013/14 to 2022/2023.

The Committee appreciates the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it during consideration of these reports. The Committee further appreciates the Offices of the Auditor-General and the National Treasury for the technical support and liaison services they provided throughout the period.

The Committee acknowledges the Office of the Chief Executive Officer of the National Government Constituencies Development Fund Board for coordinating with Fund Account Managers and other officers who responded to various audit queries raised in the reports.

I acknowledge the contributions of the Committee Members and the Secretariat, whose work has enabled the Committee to review the audit queries and prepare this report.

On behalf of the Decentralized Funds Account Committee, and pursuant to Standing Order 199 (6), it is my pleasant duty and honour to present to this House the **Nineteenth Report on audited financial statements for the National Government Constituencies Development Fund for seventeen (17) Constituencies in Nairobi County for the financial years 2016/17 to 2022/2023 and five (5) Constituencies in Kajiado County for the financial years 2013/14 to 2022/2023.**

HON. DR. GIDEON MUTEMI MULYUNGI, CBS, EBS, MP
CHAIRPERSON, DECENTRALIZED FUNDS ACCOUNTS COMMITTEE

EXECUTIVE SUMMARY

The **Nineteenth Report** contains the Committee's examination of audited accounts of the National Government Constituencies Development Fund (NG-CDF) for **seventeen (17) Constituencies in Nairobi County for the financial years 2016/17 to 2022/2023 and five (5) Constituencies in Kajiado County for the financial years 2013/14 to 2022/2023.**

In its examination and scrutiny of the audited financial statements of the Constituencies, the Committee's primary approach was to receive submissions from the Accounting Officer of the NG-CDF and the Fund Account Managers as regards errors of omission or commission that gave rise to the audit queries cited by the Auditor General.

This was done guided by the relevant public financial management principles in the Constitution of Kenya, 2010, the Public Audit Act, Cap.412B, the Public Finance Management Act, Cap.412A and the attendant Regulations, the Public Procurement and Asset Disposal Act, Cap.412C and the attendant Regulations and the International Public Sector Accounting Standards (IPSAS). The Committee has elaborated on these various provisions and the remedies that are prescribed for their breaches elsewhere in this report.

Chapter one, the report's preface, contains preliminaries on the establishment of the Committee; its membership and secretariat; its mandate; and the guiding principles governing the Committee in discharging its mandate and making recommendations.

Chapter two presents general observations/findings on cross-cutting issues, as well as specific recommendations.

Chapters three and four of the report present an examination of the reports for each specific constituency in Nairobi County and Kajiado County respectively, including the specific audit reservations raised by the Auditor-General, the management's response to each audit query by the Fund Account Managers, and the Committee's observations/ findings after considering the respective audit reservations. Chapter five contains the Committee's conclusion.

The Report underscores the importance of transparency and accountability in managing the NG-CDF. After examining the financial statements and engaging with the Fund Accounts Managers, the Committee identified critical areas for improvement.

It has provided actionable recommendations to enhance compliance with established financial management principles. By addressing the audit queries and implementing the suggested remedies, the examined constituencies can foster greater trust and efficiency in the utilisation of public funds, thereby supporting the region's development objectives.

CHAPTER ONE

1.0 PREFACE

1.1 Establishment and mandate of the Committee

1. The Decentralized Funds Accounts Committee is a Select Committee established pursuant to National Assembly Standing Order 205B and is responsible for the examination of the reports of the Auditor-General on the accounts of:

    i. The National Government Constituencies Development Fund

    ii. The National Government Constituencies Development Fund Board

    iii. The National Government Affirmative Action Fund

    iv. The National Government Affirmative Action Fund Board.

1.2 Guiding Principles

2. The Committee, in considering the Audited accounts of the National Government Constituency Development Fund, is guided by the Constitution of Kenya and the following statutes and regulations in undertaking it mandate: -

1.2.1 Chapter Twelve of the Constitution on Public Finance

Part 1- Principles on Public Finance

3. Article 201 provides for the fundamental principles that "*...shall guide all aspects of public finance in the Republic...*" These principles are, inter alia-

    (a) 201(a) there shall be openness and accountability, including public participation in financial matters.

    (b) 201(d) public money shall be used in a prudent and responsible way; and

    (c) 201(e) financial management shall be responsible, and fiscal reporting shall be clear.

Part 6 – Control of public Money

4. Article 226 deals with the accounts and audit of public entities and provides that:

    (a) the accounting officer of a national public entity is accountable to the National Assembly for its financial management (Article 226(2)); and

    (b) if the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not (Article 226(5)).

5. Article 227 deals with the procurement of public goods and services. Article 227 (1) in particular, provides that "when a State organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive, and cost-effective".

6. Article 229(8) of the Constitution of Kenya, 2010, mandates the National Assembly to debate and take appropriate action on audit reports within three months of receiving the reports from the Auditor-General.

1.3 Obligations of Accounting Officers

7. Section 68 of the Public Finance Management Act (CAP.412A) sets out the responsibilities of accounting officers for national government entities, Parliament and the Judiciary. This includes accountability to the National Assembly for ensuring that the resources of the entity for which he or she is the accounting officer are used lawfully, authoritatively, effectively, efficiently, economically, and transparently (section 68(1)).

8. Section 72 focuses on the accounting officers' responsibility to manage the assets and liabilities of national government entities.

9. The Accounting Officer of the National Government Constituencies Development Fund is the Chief Executive Officer of the NG-CDF Board, who is accountable to the National Assembly for the financial management of the Fund under Article 226(2) of the Constitution and section 67(1) of the Public Finance Management Act (CAP. 412A).

10. At the constituency level, the Fund Account Manager is the holder of the Authority to Incur Expenditure under section 12(4) of the NG-CDF Act (CAP. 414A) and is accountable to the Accounting Officer for the funds so authorised.

11. It is on that basis, and pursuant to Article 226(5) of the Constitution, that both the Accounting Officer and the Fund Account Managers, whether serving or former, were required to appear before the Committee to respond to the audit queries raised by the Auditor-General.

1.4 National Government Constituencies Development Fund (NG-CDF)

12. The Constituency Development Fund (CDF) was established in 2003 through the Constituency Development Fund Act (2003), sponsored by the then Ol Kalou Member of Parliament and former Senator for Nyandarua County, Hon. Muriuki Karue, MP.

13. In a bid to align the CDF with the Constitution of Kenya, 2010, Parliament passed the National Government Constituencies Development Fund (NG-CDF) Act, 2015. The NG-CDF is a national fund that comprises monies of an amount not less than 2.5% of the national government's share of revenue, as divided by the annual Division of Revenue Act enacted pursuant to Article 218 of the Constitution.

14. The Committee was further guided by the following: -

    (a) the Parliamentary Powers and Privileges Act (CAP.6).
    (b) the Public Finance Management (National Government) Regulations, 2015.
    (c) the Public Procurement and Asset Disposal Act (CAP.412C).
    (d) the Public Procurement and Asset Disposal Regulations, 2020;
    (e) the Public Audit Act (CAP.412B).
    (f) the Fair Administrative Action Act (CAP.7L).
    (g) the National Government Constituencies Development Fund (NG-CDF) Act (CAP.414A).
    (h) the National Government Constituency Development Regulations,2016.
    (i) the Accountants Act (CAP.531).

(j) the Public Finance Management (National Government Affirmative Action Fund) Regulations, 2016;
(k) the National Assembly Standing Orders; and
(l) the Constitution of Kenya, 2010.

1.5 Committee Membership

15. The Committee comprises the following fifteen (15) members: -

Chairperson
Hon. Dr. Gideon Mutemi Mulyungi, CBS, EBS, MP
Mwingi Central Constituency
WPF

Vice-Chairperson
Hon. Gertrude Mwanyanje Mbeyu, CBS, MP
Kilifi County (CWR)
ODM

Committee Members

Hon. Kilel Richard Cheruiyot, MP
Bomet Central Constituency
UDA

Hon. Kahangara Joseph Mburu, MP
Lari Constituency
UDA

Hon. Caroline Jeptoo Ng'elechei, MP
Elgeyo Marakwet County (CWR)
INDEPENDENT

Hon. Mogaka Stephen, MP
West Mugirango Constituency
JUBILEE

Hon. Wanyonyi Martin Pepela, MP
Webuye East Constituency
FORD-Kenya

Hon. Lentoijoni Jackson Lekumontare, MP
Samburu East Constituency
KANU

Hon. Kipngor Reuben Kiborek, MP
Mogotio Constituency
UDA

Hon. Mboni David Mwalika, MP
Kitui Rural Constituency
WPF

Hon. Momanyi Innocent Obiri, MP
Bobasi Constituency
WPF

Hon. Barre Hussein Abdi, MP
Tarbaj Constituency
UDA

Hon. Dorothy Muthoni Ikiara, MP
Nominated
UDA

Hon. K'oyoo James Onyango, MP
Muhoroni Constituency
ODM

Hon. Guyo Adhe Wario, MP
North Horr Constituency
KANU

1.6 Committee Secretariat

16. The Secretariat facilitating the Committee comprises the following staff:

Mr. Ahmad Guliye
Clerk Assistant I/Lead Clerk

Mr. Mohamed Jelle Abdi
Clerk Assistant III

Ms. Sharon Cherotich Koskei
Clerk Assistant III

Ms. Mercy Wanyonyi
Principal Legal Counsel II

Ms. Brenda Michira
Research Officer III

Mr. Wilson Mwangi
Fiscal Analyst II

Ms. Nancy Ouma
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Mr. Eric Ogolo
Protocol Officer I

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Ms. Ambrose Nguti
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CHAPTER TWO

2.0 GENERAL OBSERVATIONS AND RECOMMENDATIONS

17. In consideration of the reports of the Auditor General, the Committee encountered cross cutting and at times persistent matters that informed the following general observations and recommendations, which cut across:—

    (a) Westlands, Dagoretti North, Dagoretti South, Langata, Kibra, Roysambu, Kasarani, Ruaraka, Embakasi South, Embakasi North, Embakasi Central, Embakasi East, Embakasi West, Makadara, Kamukunji, Starehe, Mathare Constituencies examined in Nairobi County

    (b) Kajiado North, Kajiado Central, Kajiado East, Kajiado West and Kajiado South in Kajiado County

2.1 Delay in Exchequer Releases

Committee Observation

18. The Committee observed that there were delays in exchequer releases leading to under-expenditure and delays in implementation and completion of projects.

Committee Recommendation

19. The Committee recommends that the National Treasury should ensure timely and adequate disbursement of funds to the National Government Constituencies Development Fund Board for immediate release to the Constituencies for implementation of approved and budgeted projects.

2.2 Presentation and accuracy of financial statements

Committee Observations

20. The Committee observed that: -

    a) Fund Account Managers experienced challenges in adapting to the International Public Sector Accounting Standards (IPSAS) reporting framework in preparation of financial statements. The Standards were introduced in the 2013/14 financial year, and failure to comply with the standards in subsequent years occasioned qualification of financial statements.

    b) The Public Sector Accounting Standards Board (PSASB) reviews the IPSAS Standards periodically to consider emerging issues and conform to best accounting practices. The Committee found that some Fund Account Managers experienced challenges in applying these standards while preparing financial statements, as evidenced in the audit queries.

Committee Recommendations

21. The Committee recommends that: -

    a) The Accounting Officer always ensures Fund Account Managers comply with the International Public Sector Accounting Standards (IPSAS) framework in the preparation of financial statements; and

b) The Accounting Officer, in consultation with the Public Sector Accounting Standards Board (PSASB) conduct scontinuous capacity building on financial reporting standards for constituency staff.

2.3 Outstanding Land Issues

Committee Observation

22. The Committee observed that during the period under review, six (6) Constituencies in Meru County had outstanding land issues, i.e., transfer, succession, and acquisition of the title deeds for all the land purchased.

Committee Recommendations

23. The Committee recommends that the Accounting Officer, within three (3) months upon adoption of this report, ensures that the Fund Account Managers, NGCDFCs and Project Management Committees have been guided as follows:

    a) Where land is under succession, the Accounting Officer should guide the respective Fund Account Managers and PMCs on the succession process;

    b) Where transfers are pending, the respective Fund Account Managers and PMCs are advised on the land transfer processes and guided to collaborate with the Accounting Officer to facilitate expeditious processing of the title documents for the institutions affected.

24. The Accounting Officer establishes and implements a policy on the procedure for buying land and adheres to Regulation 11 (1) (k) of the National Government Constituency Development Fund Regulations 2016, which provides that "where a project involves purchase of a parcel of land or a building, ensure that the ownership thereof is duly verified, and ownership documents authenticated with relevant government agencies".

25. The Accounting Officer should ensure that the PMCs give priority to purchasing land in areas where there are clear ownership documents, especially where land adjudication has been done.

26. That within three months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act (CAP. 412B), the Fund Account Managers submits to the Accounting Officer a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership, and:

27. The Accounting Officer, upon receipt of the progress reports relating to land, follows up on the matters of land ownership with the relevant Ministry and State Departments, and ensures that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.

2.4 Reallocation and use of Emergency Funds

Committee Observation

28. The Committee observed that some of the projects funded using emergency funds did not meet the threshold set out in Sections 6(2) and Section 8(1)(2)(3) of the NG-CDF Act (CAP.414A).

Committee Recommendation

29. The Committee recommends that the National Government Constituencies Development Fund Board always ensures that the Fund Account Managers complies with provisions of Sections 6(2) and Section 8(1)(2)(3) of the National Government Constituencies Development Fund Act, (CAP. 414A) which provides that *"(2) Once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year with the approval of the Board"* and Section 8 *"(1) A portion of the Fund, equivalent to five per centum (hereinafter referred to as the "Emergency Reserve") shall remain unallocated and shall be available for emergencies that may occur within the Constituency; (2) The Constituency Committee shall determine the allocation of the emergency reserve in accordance with the Act ;and (3) "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"*

2.5 Pending Ongoing and Stalled Projects

Committee Observation

30. The Committee observed that the critical cause of pending, ongoing, and stalled projects being common in constituencies was due to partial allocation of funds and late exchequer releases, leading to delays in completion and, in some instances, abandonment of projects.

Committee Recommendations

31. The Committee Recommends that: -

    a) The Accounting Officer should at all times discourage the partial allocation of funds to projects and ensure that projects are completed at most within two financial years. Further, the NG-CDF Committee should at all times ensure proper costing of projects is done through consultation with the relevant Government departments to ensure realistic cost estimates.

    b) The Accounting Officer, within three months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act (CAP. 412B), develops and submits to the National Assembly guidelines for costing of projects for constituencies, which are informed by the cost of materials, cost of transportation, taxes, the topography of each constituency and reports from the relevant Government departments.

    c) The Committee recommends that the Accounting Officer always ensures Fund Account Managers adhere to Section 46 (2) of the NG-CDF Act (CAP. 414A), which provides that 'The Constituency Committee shall rank the projects in order of priority and whenever, in the opinion of the Board, the total cost of the projects listed exceed the ceiling for a particular constituency, then the order in which they are listed shall be taken as the order of priority for purposes of allocation of funds, provided that on-going projects shall take precedence over all other projects.'

    d) The Accounting Officer always ensures that Fund Account Managers submit status reports of ongoing projects during submission of project proposals. This should form

the basis of project approvals by the NGCDF Board to minimize stalled, incomplete projects and prioritize ongoing projects.

2.6 Failure to submit documents for audit review at the time of the Audit

Committee Observations

32. The Committee observed that: -

a) Fund Account Managers did not avail complete, reconciled financial and accounting records and supporting documentation in time for audit review and verification during the audit exercise, contrary to the provisions of Article 229 of the Constitution of Kenya, 2010 and Section 68(2) of the PFM Act (CAP. 412A), which requires that the financial and accounting records are presented within three (3) months after the close of the financial year and Section 62 of the Public Audit Act of CAP. 412B obligates Accounting Officers to provide required documents for audit; failure to do so may result in sanctions. The documents not availed for audit included cash books, bank statements, payment vouchers, project completion certificates, bank reconciliation statements, Project Implementation Status reports, procurement records, Bills of Quantities (BQs) and Project Management Committee (PMCs) records.

b) Consequently, most of the audit queries that were raised during consideration of financial statements for the eleven (11) Constituencies examined would have been addressed had the documents been provided during the audit cycle.

Committee Recommendations

33. The Committee recommends that:

a) The Accounting Officer ensures at all times that Fund Account Managers comply with the provisions of Section 62 (1) (b) and (c) of the Public Audit Act (CAP. 412B), which provides that – (1) A person shall not— (b) without justification, fail to provide information required under this Act and (c) without justification, fail to provide information within a reasonable time that is required under this Act.

b) The Accounting Officer always ensures that Fund Account Managers maintain the original Project Management Committee files at the NG-CDF office, while the duplicate is maintained by the Project Management Committees at the project's site to ensure that documents are always available at the time of audit.

c) The Accounting Officer ensures that Constituency Committees employ qualified accountants for the Constituency Offices beginning FY 2026/27 within the 6% administrative allocation to the NG-CDFC. This will strengthen the maintenance of books of accounts and preparation of financial statements.

2.7 Capacity building of Fund Account Managers

Committee Observation

34. The Committee observed that some Fund Account Managers were ill-prepared during the examination of the Reports of the Auditor General on the accounts of the National Government Constituencies Development Fund.

Committee Recommendations

35. The Committee recommends that:

    a) The Accounting Officer conducts continuous capacity building on financial reporting standards, record keeping and other necessary training for the Fund Account Managers, Project Management Committees (PMC) and other NG-CDF Constituency staff.

    b) The Accounting Officer strengthens the link between the Board, the Office of the Auditor General and the Fund Account Managers, particularly regarding the timely response to audit queries in subsequent audit cycles.

2.8 Unresolved Prior Year Matters

Committee Observation

36. The Committee observed that the Auditor General raised several issues to be addressed by Management in the audit report of the previous years under the "report on the financial statements and report of lawfulness and effectiveness in the use of public resources". In some instances, Management failed to address the issues and did not provide follow-up reports.

Committee Recommendations

37. The Committee recommends that:

    a) The Accounting Officer ensures that Fund Account Managers adhere to Section 68 (2) (l) of the PFM Act (CAP. 412A), which provides that (2) In the performance of a function under subsection (1), an accounting officer shall - (l) take appropriate measures to resolve any issues arising from audit which may remain outstanding;

    b) Going forward, the Accounting Officers always ensure Fund Account Managers comply with the reporting template provided by the Public Sector Accounting Standards Board on prior year and provides follow-up reports to the Office of the Auditor General in the subsequent audit cycle.

2.9 Failure by PMCs to maintain project records

Committee Observation

38. The Committee observed that some Project Management Committees did not maintain expenditure returns indicating how funds disbursed were utilized.

Committee Recommendations

39. The Committee recommends that the Accounting Officer should always ensures that proper records of each project, which include project returns, tender documents, payment vouchers, completion certificates, bill of quantities, project designs, contracts, project minutes, bank balances and procurement documents, are maintained by the PMCs and the original file maintained by the Fund Account Managers.

2.10 Non-compliance with procurement laws

Committee Observation

40. The Committee observed that Management and Project Management Committees in some cases, failed to comply with the Public Procurement and Asset Disposal Act, (CAP. 412C) and its regulations on procurement of goods and services.

Committee Recommendations

41. The Committee recommends that:

a) The Accounting Officer, in consultation with the Public Procurement Regulatory Authority (PPRA), conducts continuous capacity building for all Fund Account Managers on procurement laws and regulations.

b) The Accounting Officer should at all times ensure that:

i. The Fund Account Managers conducts regular capacity building for Project Management Committees on procurement to enhance compliance with the Public Procurement and Asset Disposal Act (CAP. 412C) and its regulations; and

ii. The Fund Account Managers and Project Management Committees complies with the provisions of Part IX, Sections 91 to 114 of the Public Procurement and Asset Disposal Act (CAP. 412C), which provide for the Methods of Procurement of Goods, Works and Services.

2.11 Handover Process

Committee Observation

42. The Committee observed that the handover process among Fund Account Managers when their term of service in a given constituency expires was poorly structured.

Committee Recommendations

43. The Committee recommends that the Accounting Officer should always ensures there is a structured handover process whereby a witness (the Regional Coordinator or a representative from the Board) should be present during the handover. The handover report should also include unresolved prior-year matters raised by the Office of the Auditor General.

2.12 Co-Funding of Projects

Committee Observation

44. The Committee observed that buses were being purchased through counter-part funding (co-funding) by various schools through hire purchase/asset financing which is contrary to the procurement method specified under Part IX - Methods of procurement of Goods, Works and Services of the Public Procurement and Asset Disposal Act, (CAP. 412C). Further, the management contravened the directive by Accounting Officer which advised that a bus project should be purchased on a one-off basis and not through asset financing and any amount allocated is exclusive of insurance premiums or any other recurrent cost.

Committee Recommendations

45. The Committee recommends that the Accounting Officer should at all times enforce guidelines on all co-funded projects, which may include purchase of buses for schools, should be purchased on either one-off basis, or where the purchase is through counter-part funding (co-funding), evidence of availability of funds should be provided before approval by the Board.

CHAPTER THREE

3.0 EXAMINATION OF REPORTS ON THE AUDITED ACCOUNTS OF THE NG-CDF FOR CONSTITUENCIES IN NAIROBI COUNTY FOR THE FINANCIAL YEARS 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 AND 2022/2023

46. The Committee examined one hundred and seven (107) reports of the Auditor General for the NG-CDF for Financial Years 2016/ 2017 to 2022/2023 for the following seventeen (17) Constituencies in Nairobi County:

    (a) Dagoretti North Constituency;

    (b) Dagoretti South Constituency;

    (c) Embakasi Central Constituency;

    (d) Embakasi North Constituency;

    (e) Embakasi South Constituency;

    (f) Embakasi West Constituency;

    (g) Embakasi East Constituency;

    (h) Kamukunji Constituency;

    (i) Kasarani Constituency;

    (j) Kibra Constituency;

    (k) Langata Constituency;

    (l) Makadara Constituency;

    (m) Mathare Constituency;

    (n) Roysambu Constituency;

    (o) Ruaraka Constituency;

    (p) Starehe Constituency; and

    (q) Westlands Constituency.

3.1 Dagoretti North Constituency

47. The Fund Account Manager appeared before the Committee to respond to the audit matters raised in the report of the Auditor-General for Dagoretti North Constituency for the financial year 2022/23 and submitted as follows:

3.1.1 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Inaccuracies in Bursary Disbursement

48. The statement of receipts and payments reflects a total expenditure of Kshs. 80,807,411 relating to other grants and other payments as disclosed in Note 8 to the financial statements. The Expenditure includes bursaries to secondary schools and tertiary institutions amounting to Kshs. 71,907,620.

49. However, the supporting schedules and payment Vouchers reflected Disbursement totalling to Ksh. 71,748,839 resulting to an unexplained variance of Ksh. 158,781.00 Further no acknowledgment letter from the beneficiary institutions were provided for Audit.

Management Response

50. Management stated that disbursement schedules for the Ksh 158,781 have been provided for audit review. Acknowledgements for bursary receipt were also provided.

Committee Observation

51. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Project Management

52. Note 19.4 and the Annex 5 to the financial statements reflects Project Management Committee (PMC) Bank balance totaling to ksh. 1,954,464. However, the cashbooks, Bank Reconciliation and Certificate of bank balance for Individual PMC Accounts were not provided for Audit.

Management Response

53. Certificates of bank balances for individual PMCs and of the financial statements for the year under review were provided.

Committee Observation

54. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance

55. The summary statement of Appropriation reflects final receipts budget and Actual on comparable basis amounts of Ksh. 206,431,393 and Ksh 158,343,790 respectively resulting to an underfunding of Ksh. 48,087,603 or 23% of the budget. However, the Fund spent Ksh. 108,481,414 against actual receipts of Ksh. 158,343,790 resulting to under expenditure of Ksh. 49,862,376 or 31% of the actual receipts.

Management Response

56. This resulted from late disbursement of funds by the NGCDF Board to the constituency. However, the funds have since been received and utilised.

Committee Observation

57. The Committee observed that the matter was adequately addressed and resolved.

d) Unresolved Prior Year Audit Issues

58. In the Audit report of the Previous year, several paragraphs were raised under the Report of 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 issue.

Management Response

59. Audit issues raised in the Audit certificate were currently under examination by the Decentralized Funds Account Committee.

Committee Observation

60. The Committee observed that prior year matters were resolved by the Accounting Officer after submitting relevant documentation to the Office of the Auditor-General, and the matter was resolved.

e) Vandalized Environment Project

61. The statement of receipts and payments reflects an amount of Ksh. 80,807,411 in respect to other grants and transfers as disclosed in Note 8 to the Financial Statements. The amount includes environmental projects expenditure of Ksh. 5,482,000 for the construction of water points and piping works.

62. However, physical inspection carried out on march 2024 revealed that the projects were not labelled while the water points equipment which includes water taps, piping works and water tanks had been vandalized and were not working condition. Further, while the water points were worn out due to misuse and poor handling.

Management Response

63. The said environment projects had already been handed over to the PMC as the users, and the NGCDF committee had no further control of the project at user level.

Committee Observation

64. The Committee observed that the NGCDFC had handed over the project to the PMC hence had no control over it, hence the query was addressed and resolved.

3.2 Dagoretti South Constituency

65. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Dagoretti South Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.2.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Net Financial Position

66. The statements of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Ksh 1,617,772.05 being the difference between the brought forward fund balance of Ksh.19,700,324.93 and the deficit for the year of Ksh.18,082,552.88. No explanation has been provided for the anomaly.

Management Response

67. The template provided reflected net liabilities instead of net financial position; however, the NGCDF Board has amended the template to reflect net financial position.

Committee Observation

68. The Committee observed that the matter was adequately addressed and resolved.

b) Budget and Budgetary Controls

69. The Fund budgeted to spend Ksh.156,036,464.65 however overall actual expenditure for the Year amounted to Ksh.68,769,176.48 resulting in an under expenditure of Ksh.87,267,288.17

which is equivalent to 44% of the total budget. Further analysis of the budget indicates that transfers were budgeted at Ksh.45,300,000 and Ksh 95,576,650.48 respectively. However, only Ksh 19,300,000 and Ksh 41,020,857.47 respectively was put to use resulting in budget under-utilization of Ksh. 26,000,000(57%) and Kshs.54,555,793(57%), respectively.

70. The significant under-utilisation of the budget is an indication that most approved programmes were not fully implemented thereby impacting negatively on the delivery of services to the residents of Dagoretti South.

Management Response

71. The underutilization was due to delay in disbursement of funds from the exchequer. The projects were implemented to completion.

Committee Observation

72. The Committee observed that the matter was adequately addressed and resolved.

c) Projects Implementation

73. Projects included in the FY 2016/17 approved budget with a total budget of Ksh.36,567,243 had not started as at the time of audit as detailed in the table per the project proposal.

Table 1: Dagoretti South Constituency, FY 2016/2017 – Projects Implementation

PROJECT LOCATION	PROJECT DESCRIPTION	BUDGETED AMOUNT (KSHS)
Dagoretti South Constituency	Buy trophies, balls and game kits for the constituency sports tournament. Purchase of school game uniforms for schools in the constituency.	1,637,931
Dagoretti South Constituency	To purchase 20 water tanks for 15 public schools	1,637,931
Dr. Muthiora Primary School	Renovation of 4 classrooms and staff offices	2,000,000
Mutuini Primary School	Rehabilitation of 10 classrooms	3,000,000
Ruthimitu Girls High School	Construction of multipurpose hall (first phase)	2,000,000
Ruthimitu Mixed Secondary School	Construction of a perimeter wall (first phase)	1,000,000
Mutuini High School	Construction of dining hall (first phase)	2,000,000

PROJECT LOCATION	PROJECT DESCRIPTION	BUDGETED AMOUNT (KSHS)
Wanyee Chief's Office-Dagoretti District	Construction of one block at Githembe Chief's Office	3,000,000
Riruta Police Station	Construction of 6 staff houses for police officers	3,000,000
Ndwaru Administration Police Post	Construction of 4 staff houses for police officers	2,000,000
Waithaka Location Assistant Chief's Office	Construction of one block Assistant Chief's office	3,000,000
Riruta Administration Police and Chief's Office	Construction of one block Administration police and Chief's office	3,000,000
Matini Administation Police Post	Construction of one block Administration police post	2,991,381
Assistant Chief's Office-Ndunyu location	Construction of one block Assistant Chief's office	3,000,000
Waithaka Administration Police	Construction of four-story building	3,300,000
TOTAL		**36,567,243**

74. Consequently, the budget did not fully meet the expectation of Dagoretti South Constituents.

Management Response

75. The projects were completed and in use.

Committee Observation

76. The Committee observed that the matter was adequately addressed and resolved.

3.2.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Cash and Cash Equivalents

77. The statements of assets as at 30th June 2018 reflects cash and Cash equivalents balance of Ksh.12,426,607 comprising of bank balances. Bank reconciliation statements as at 30 June 2018 reflects unpresented cheques totalling Ksh 17,091,229.78 which include stale cheques amounting to Ksh.858,320. However, no explanation has been given for failure to reverse the stale cheques in the Cash book. Consequently, the cash and cash equivalents balance of Ksh 12,426,607 is not fairly stated.

Management Response

78. The unpresented cheques were presented to the bank and cleared; also, the stale cheques were reversed and replaced.

Committee Observation

79. The Committee observed that the matter was adequately addressed and resolved.

b) Net Financial Position

80. The statement of assets as at 30 June 2018 reflects total financial assets of Kshs.12,426,607 and nil liabilities. However contrary to the guidelines issued by the Public Sector Accounting Standards Board, the net financial position of Ksh 12,426,607 has instead been presented as net liabilities.

Management Response

81. The template provided reflected net liabilities instead of net financial position; however, the NGCDF Board has amended the template to reflect net financial position.

Committee Observation

82. The Committee observed that the matter was adequately addressed and resolved.

c) Budget Performance

83. Dagoretti South NGCDF had budgeted to spend Ksh.185,608,943 but the actual expenditure was Ksh.65,428,025 or 35%, resulting in under expenditure of Ksh 120,180,918 or 65% of the total budget which has not been satisfactorily explained. Further, the expenditure is an indication that some approved projects and programmes are not fully implemented and which in turn impacted negatively on efficient and effective delivery of services to the Constituents.

Management Response

84. The under-expenditure was due to delay in disbursement of funds from the exchequer. The projects were implemented to completion.

Committee Observation

85. The Committee observed that the matter was adequately addressed and resolved.

3.2.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Erroneous Net Liabilities

86. The statement of assets and liabilities as at 30 June, 2019 reflects total financial assets of Ksh.34,657,980 and Nill financial liabilities. However, contrary to the template and guidelines issued by the public sector Accounting Standards Board (PSASB), the statements reflect net liabilities of Ksh.34,657,980 instead of net financial position of the same amount. Consequently, the financial statements do not comply with PSASB template and guidelines.

Management Response

87. The template provided reflected net liabilities instead of net financial position; however, the NGCDF Board has amended the template to reflect net financial position.

Committee Observation

88. The Committee observed that the matter was adequately addressed and resolved.

b) Implementation of Devolved Functions by the Fund

89. Examination of records revealed that Dagoretti South NG-CDF budgeted to implement projects amounting to Ksh 13,782,759 on health contrary to fourth scheduled part 2 of the constitution which spells that County health services shall be carried out by the county governments to avoid overlapping of roles by the two Governments.

Management Response

90. The project was approved in the financial year 2013/2014.

Committee Observation

91. The Committee observed that the matter was adequately addressed and resolved.

c) Delayed Proposed Construction of Multipurpose Hall at Mutuini High School

92. Disclosed under Note 6 to the Financial Statements transfer to other Government entities is an amount of Ksh.28,089,659 relating to transfers to Secondary schools out of which an amount of Ksh.14,048,278 was paid to an engineering Firm for proposed Construction of Multipurpose Hall at Mutuini High School at a contract sum of Ksh 16,004,365. The scope of works involved, sub structure works, walling, openings, Roofing, Finishes and Painting.

93. The works commenced on 7 December, 2018 and were due for completion on 7 April 2019 a duration of sixteen (16) weeks. However, audit inspection done on 16 January, 2020 revealed that the project was incomplete with payments of Ksh.14,048,278 having been made. Management of Dagoretti South NGCDF has not explained why the project is behind schedule and whether provision for liquidated damage on the Firm has been enforced.

94. The audit Inspection undertaken on 16 January, 2020 revealed various anomalies: Painting works were done and ceilings had not been fixed. Windows glazing were not properly done while the kitchen which is an extension to the Multi purpose hall was incomplete. The wash room area was incomplete and the ground had been levelled. Further, no works were going on, as the contractor was not on site. Consequently, the value for money, achievement of the intended use and the justification for payment of Ksh.14,048,278 paid to the contractor could not be confirmed.

Management Response

95. The project was efficiently done to completion. Management also noted that the poor workmanship on the ceiling was rectified.

Committee Observation

96. The Committee observed that the matter was adequately addressed and resolved.

3.2.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Budgetary Control and Performance

97. The summary statement of appropriation: recurrent and development combined reflects final receipts approved budget of Kshs.230,771,553 and actual on comparable basis of Kshs.134,429,379 resulting to underfunding of Kshs.96,342,174 of 58.3% of the budget based on the final approved budget, the underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

98. The underfunding was due to a delay in disbursement of funds from the exchequer. However, the funds were later received, and all the projects were implemented to completion.

Committee Observation

99. The Committee observed that the matter was adequately addressed and resolved.

3.2.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Inaccuracies in Cash and Cash Equivalents

Stale Cheques in Bank Reconciliation Statements

100. The statement of assets and liabilities reflect cash and cash equivalents balance of Kshs.20,476,772 as at 30 June, 2021. Review of bank reconciliation statements for bank balances as at 30 June, 2021 revealed payments in the cashbook not recorded in the bank statement totaling to Ksh.27,768,167 which included stale cheques totalling to Kshs.1,706,371 drawn between August, 2020 and December, 2020.

101. However, the stale cheques had not been reversed in the cash books or replaced, thereby understating the cash and cash equivalents balance. In the circumstance, the accuracy and completeness of cash and cash equivalents balance of Kshs.20,476,772 reflected in the statement of assets and liabilities as at 30 June, 2021, could not be confirmed.

Management Response

102. The stale cheques were reversed and replaced.

Committee Observation

103. The Committee observed that the matter was adequately addressed and resolved.

b) Un-surrendered Project Management Committee Funds

104. The statements of assets and liabilities reflect cash and cash equivalents balance of Kshs. 20,476,772 as at 30th June, 2021 which relate to cash held at the Constituency Fund account. Further Note 17.4 to the financial statements reflects Project Management Committee (PMC)

account balances totaling to Ksh.8,573,997 as at 30 June, 2021. Review of PMC account balances listed in annex 5 to the financial statements revealed unutilized amounts totaling to Ksh.2,650,327 which had been outstanding for more than Fund account contrary to section 12(8) of the National Government Constituency Development Fund Act,2015. Consequently, the cash and cash equivalents amounting to Kshs.20,476,772 reflected in the statement assets and liabilities is understated by Kshs.2,650,327.

Management Response

105. The unutilized funds were returned to the main account.

Committee Observation

106. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Bursary Disbursements

107. The statement of receipts and payments reflects other grants and transfers amounting to Kshs.75,299,495. The grants and transfers, as disclosed in Note 7 to the financial statements, includes Kshs.11,499,00 disbursed to vocational institutions. However, a payments schedule provided did not reflect admission numbers of 592 students who benefitted from the bursaries and respective cheque numbers for the payments. In the circumstance, the accuracy and validity of bursary disbursements to vocational institutions could not be confirmed.

Management Response

108. The bursaries with no admission numbers were disbursed to students joining Form 1; hence, their admission numbers could not be indicated at the time. The bursary cheque schedule with cheque numbers was provided for review.

Committee Observation

109. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance

110. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs. 236,342,392 and Kshs.177,308,037 respectively resulting in under-funding of Ksh.59,034,355 or 25% of the budget. Similarly, the Fund spent Kshs.a56,831,265 against an approved budget of Kshs.236,342,392 resulting to an under-expenditure of Kshs 79,511,128 or 34% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

111. The underfunding was due to a delay in disbursement of funds from the exchequer. However, the funds were received, and all the projects were implemented to completion.

Committee Observation

112. The Committee observed that the matter was adequately addressed and resolved.

e) Delay in Implementation

113. Review of budget execution by sectors and projects revealed various projects funded through other grants and transfers which had been approved by the Board and allocated for implementation during the year under review. However, as at 30 June, 2021, security projects

with an allocation of Kshs.1,500,000 had not been implemented. Delay in implementation of the projects may have negatively impacted on service delivery to the public.

Management Response

114. The project was done to completion and in use.

Committee Observation

115. The Committee observed that the matter was adequately addressed and resolved.

3.2.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Misclassification of Expenditure

116. The statement of receipts and payments reflects compensation of employees amount of Ksh.3,992,542 which as disclosed in Note 4 to the financial statements includes Kshs.2,135,650 paid as basic salaries. The basic salaries amount includes training expenses of Kshs.403,000 which should have been charged under use of goods and services. No explanation has been provided for the misclassification of the expenditure by the management. In the circumstances, the accuracy and completeness of amount of basic salaries of Ksh.2,135,650 could not be confirmed.

Management Response

117. Management noted the misclassification and committed to ensuring the error does not recur.

Committee Observation

118. The Committee observed that the matter was adequately addressed and resolved.

b) Unutilized PMC Account Balances not Transferred to the main CDF account of the Constituency

119. Examination of the financial statements revealed PMC account balances shown in the table below under Equity Bank included in Annex 5 to the financial statements that reflected the same balances as at 30 June, 2021 and 2022. The balances ought to have been surrendered to the constituency main account in accordance with section12(8) of the National Government Constituency Development Fund Act No.30 of 2015 revised in 2016.

Table 2: Dagoretti South Constituency, FY 2021/2022 – Unutilized PMC Account Balances not Transferred to the main CDF account of the Constituency

PMC	Bank Balance 2021/2022(Kshs)
NGCDF Ruthimitu Girls Secondary School	106,025.16
NGCDF Ruthimitu Mixed Secondary School	199,437.93
NGCDF Dagoretti Sub-County District Hospital	39,782.50
NGCDF Waithaka Health Center	15,180.50
NGCDF Office	206,504.50
NGCDF Riruta Location Chiefs Office	1,792.00
Assistant Chief Office Waithaka	239,151.55

PMC	Bank Balance 2021/2022(Kshs)
TOTAL	807,874.14

120. In the circumstance, accuracy and completeness of the cash and cash equivalents balance of Kshs.40,321,766 could not be confirmed.

Management Response

121. The unutilized funds were returned to the main account.

Committee Observation

122. The Committee observed that the matter was adequately addressed and resolved.

c) Cash and Cash Equivalents

123. The statement of assets and liabilities reflects bank and cash balance of Kshs 40,321,766 as at 30 June, 2022. Examination of the bank reconciliation statement revealed long outstanding unpresented cheques (Stale cheques) totaling Kshs.232,050 dated 19 January, 2021 and 11 August, 2021 which had not been reversed in the cash book as shown below:

Table 3: Dagoretti South Constituency, FY 2021/2022 – Cash and Cash Equivalents

Date	Chq. No	Payee	Amount (Ksh)
19 January ,2021	15845	Dagoretti NGCDF-Retention	11,000
11 August,2021	18254	NGCDF Dagoretti - Retention	121,050
		Total	232,050

124. The cash book balance is understated by the amount of stale cheques and no explanation has been provided for failure to update the cash book with the stale cheques, one of which has been outstanding for more than two years from the date it was drawn. In the circumstance, accuracy and completeness of the cash and cash equivalents balance of Kshs.40,321,766 could not be confirmed.

Management Response

125. Management acknowledged the auditor's observation; the stale cheques were reversed and replaced and disclosed in the subsequent year, thereby adjusting the financial statements. Due to the fire incident, management could not obtain the cash book extract and the reviewed financial statement.

Committee Observation

126. The Committee observed that the matter was adequately addressed and resolved.

d) Lack of Ownership Documents

127. Annex 4 to the financials statements reflects the summary of fixed asset register with a balance of Kshs.85,116,255. Included in the asset register was land, buildings and structures valued at Ksh.60,000,000 and Kshs.19,363,125 respectively. However, the ownership documents pertaining to the land and buildings have not been provided for audit review. In the circumstances, the accuracy and completeness of the assets totaling to Kshs.85,116,255 could not confirmed.

Management Response

128. Management acknowledged the lack of ownership documents, as the office is on public land that accommodates several National Sub-County public offices (DCC office, TSC, Education, Sub-County Office, National Treasury Office, and Ndurarua Secondary School, etc.).

Committee Observation

129. The Committee observed that the matter was adequately addressed and resolved.

e) Budgetary Control and Performance

130. The summary statement of appropriation reflects budgeted expenditure of Kshs.216,641,008 against actual expenditure of Kshs.176,319,342 resulting to budget under absorption of Kshs.40,321,766 equivalent to 19% of the budgeted amount. Further, the summary statement of appropriation reflects other payments final budget of Kshs.8,227,027 which includes innovation Hub funds of Kshs.4,677,027 brought forward from 2020/2021. The amount remained unutilized as at 30 June, 2022. No explanation was provided for failure to utilize the funds for the benefit of Dagoretti South constituents or re-allocate to other needy sectors or projects. Failure to commence and complete projects and underperformance of the budget affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

131. The under-absorption was due to the exchequer's late disbursement of funds. The funds were utilised. The funds for the innovation hub were reallocated to fund the renovation of Nebu Primary School.

Committee Observation

132. The Committee observed that the matter was adequately addressed and resolved.

f) Legal Fees

133. Examination of legal records provided for audit revealed that an expenditure of Kshs.2,006,860 was incurred on a civil suit case reference Environment and Land court Civil Suit No.8 of 2015. However, no information and documentary evidence was provided showing how the firm was identified. Further, the liability that may arise in future in case the fund loses the case in favor of the complainants has not been disclosed in the statements of the fund management responsibilities or provided for in the financial statements. In the circumstances, the legal services may not have been properly procured.

Management Response

134. Management did not conduct any procurement; instead, it used the prequalified legal providers from the Board. During the year, the financial statements were presented on a cash basis of accounting, which did not require disclosure of liabilities. However, with the change in the accounting basis to accrual, the contingent liabilities have been reported accordingly.

Committee Observation

135. The Committee observed that the matter was adequately addressed and resolved.

3.2.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Undisclosed Project Management Committee Balance

136. Annex 5 to the financial statements reflects Project Management Committee bank balances of Kshs. 9,458,187. However, review of project Management Committee bank statements provided for audit revealed that NGCDF Muthua Chiefs office PMC balance of Ksh.209,400 was not disclosed in the PMC bank balances as at 30 June, 2023. In the circumstance, the accuracy and completeness of the Project management Committee bank balance of Kshs 9,458,187 could not be confirmed.

Management Response

137. The error was noted, and the PMC balance schedule was updated.

Committee Observation

138. The Committee observed that the matter was adequately addressed and resolved.

b) Lack of Ownership Documents

139. Annex 4 to the financial statements on summary of fixed asset register reflects total assets of Ksh.85,408,005. Included in the asset register is land, building and structures valued at Kshs.60,000.00 and Kshs 19,363,125 respectively. However, the ownership documents pertaining to the land and buildings were not provided for audit. Further examination of the assets register revealed that the assets were not insured against fire, theft or any other risk hence the respective assets were at risk of loss in case of any eventuality. In the circumstance, the ownership, completeness and existence of assets totaling Kshs.85,408,005 could not be confirmed.

Management Response

140. Management acknowledged the lack of ownership documents, as the office is on public land that accommodates several National Sub-County public offices (DCC office, TSC, Education, Sub-County Office, National Treasury Office, and Ndurarua Secondary School, etc.).

Committee Observation

141. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance (Emphasis of Matter)

142. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs 186,023,369 and Kshs.130,935,766 respectively resulting to an under-funding of Kshs.55,087,603 or 30% of the budget. Similarly, the Fund spent Kshs 94,318,502 against actual receipts of Kshs.130,935,766 resulting to an under-utilization of Kshs.36,617,264 or 28% of the actual receipts. 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.

Management Response

143. The underfunding and underutilization were occasioned by delay in disbursements of funds by the exchequer. The funds were received, and the projects were completed.

Committee Observation

144. The Committee observed that the matter was adequately addressed and resolved.

d) Irregularities in Implementation of Projects

Renovation of 20 Door Ablution Block at Mutuini Primary School

145. During the year under review, the Fund disbursed a total of Kshs 2,400,000 to the Project Management Committee (PMC) for renovation of 20 door ablution block with 2 doors catering for persons with disabilities at Mutuini Primary school. The contract was awarded a local contractor at a contract sum Kshs 2,899,330. Review of procurement documents revealed that quotations were opened on 13 February, 2023. However, the tender evaluation report was not dated and was not initiated on each page by the Tender Evaluation Committee. Further, the awarded bidder was notified of the award on 16 February, 2023 while the contract was awarded on 23 February, 2023, seven (7) days after the notification of award. This was contrary to Section 135(3) of the Public Procurement and Asset Disposal Act,2015 which states that the written contract shall be entered into within the period specified in the notification but not before fourteen days have elapsed following the giving of that notification provided that a contract shall be signed within the tender validity period. In the circumstance, Management was in breach of the Law.

Renovation of Ablution Block at Mukarara Primary School

146. During the year under review, Dagoretti South Constituency Fund disbursed a total of Kshs.3,436,874 to the Project Management Committee (PMC) for renovation of ablution block at Mukarara Primary School. The contract was awarded to a local contractor at a sum of Kshs.3,807,050. Audit inspection carried out in March, 2024 revealed that renovation of the ablution block was complete. However, sixteen (16) out of the twenty (20) renovated toilets were not in use and were being used as stores hence the use of emergency funds for the project could not be justified. In the circumstances, value for money was not obtained from the complete but not in use emergency project.

Construction of Muthua Police and Chiefs Camp Security Project

147. During the year under review, the National Government Constituency Development Fund-Dagoretti South Constituency disbursed a total of Kshs.5,600,00 to the project Management Committee (PMC) for construction of Muthua Police and Chiefs Camp. The contract was awarded to a local contractor at a contract price of Kshs 5,390,600. Audit inspection carried out in March, 2024 revealed that the construction of the police was complete. However, the police station was not in use. In the circumstance, value for, money was not realized from the complete but not in use security project.

Management Response

148. Management acknowledged the auditor's observation on the breach of the Public Procurement and Asset Disposal Act, 2015. However, this was due to the emergency and need for the outlined project, as it was the only way to mitigate the shortage of toilets for the school. However, the project documentation was destroyed in the fire incident. Management confirmed that the ablution block is in use and that the handover process was done procedurally to the school. The projects were completed as requested through the public participation process before budget preparation. However, the fire incident in 2024 destroyed the documentation.

Committee Observation

149. The Committee observed that the matter was adequately addressed and resolved.

e) Failure to Report Emergency Utilization

150. The statement of receipts and payments reflects other grants and transfers amounting to Kshs.47,425,985 which include emergency expenditure amounting to Kshs 4,138,065 as disclosed in Note 8 to the financial Statements. However, management did not provide documentary evidence indicating that the emergency expenditure was reported to the Board using prescribed format. This was contrary to Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which provides that the utilization of emergency reserve shall be reported to the Board within 30 days of the occurrence of emergency in the format prescribed by the board. In the circumstances, Management was in breach of the law.

Management Response

151. The auditor's observation was noted. Management reported the emergency project to the Board. Due to the fire incident, documentation was lost.

Committee Observation

152. The Committee observed that the matter was adequately addressed and resolved.

3.3 Embakasi Central Constituency

153. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Embakasi Central Constituency for the financial year 2022/23 and submitted as follows:

3.3.1 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Unsupported Bursary Disbursements

154. The financial statements reflect other grants and transfers amounting to Kshs.56,686,830 as disclosed in Note 8 to the financial statements. Included in these payments are Kshs.36,437,836 for bursaries to secondary schools and Kshs.14,487,250 for bursaries to tertiary institutions. However, bursaries' cheque dispatch register, details of successful applicants including student's registration numbers and evidence of receipts/acknowledgement by the beneficiary institutions and evidence of vetting of bursary applications were not provided for audit. Further, there were disparities in the bursary disbursements amounts without minuted resolutions to justify the variances. In the circumstances, the accuracy and completeness of bursary disbursements could not be confirmed.

Management Response

155. The Fund has since compiled and filed the bursary dispatch register, beneficiary lists, vetting records, acknowledgements from beneficiary institutions and supporting minutes for the bursary awards under review. Going forward, all bursary disbursements will be supported by a complete bursary file before funds are released.

Committee Observation

156. The Committee observed that the matter was adequately addressed and resolved.

b) Failure to Return Project Management Committee Bank Balances on Completed Projects

157. Included in Annex 5 to the financial statements is Project Management Committee (PMC) bank balances as at 30 June, 2023 of Kshs.1,082,362. However, review of cash book and bank statements revealed that no PMC had returned unutilized balances on completed projects during the year under review. Further, Management did not provide details of the account opened for holding third party monies as required by Section 7 of the National Government Constituency Development Fund, 2015, (Amended 2022). In the circumstances, the accuracy and completeness of the PMC bank balances could not be confirmed.

Management Response

158. The Fund has initiated closure of completed project accounts and is following up with the respective Project Management Committees to refund unutilized balances to the constituency account. Supporting details for the third-party monies account have been assembled for audit review, and all future completed projects will be closed out promptly with balances returned to the Fund.

Committee Observation

159. The Committee observed that the matter was adequately addressed and resolved.

c) Unresolved Prior Year Matters

160. The report notes that several issues from the previous year remained unresolved or without explanation.

Management Response

161. The Fund acknowledged the matter and was awaiting an appointment with the Decentralised Funds Accounts Committee to resolve the matters.

Committee Observation

162. The Committee observed that prior year matters were resolved by the Accounting Officer after submitting relevant documentation to the Office of the Auditor-General, and the matter was resolved.

3.4 Embakasi North Constituency

163. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Embakasi North Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.4.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Inaccuracies in the Financial Statements

164. The following differences have been noted between balances in the financial statements and balances in the supporting schedules:

Table 4: Embakasi North Constituency, FY 2016/2017 – Inaccuracies in the Financial Statements

Account Details	Balances as per Financial Statements (Kshs)	Balance as per Supporting Schedule (Kshs)	Variance (Kshs)	
Transfer to Other Government Entities	27,561,226	26,175,618	1,385,608	
Other grants and transfers				
Bursary	20,464,500	11,880,000	8,584,500	
Agriculture (market boda boda sheds)	11,576,585	10,361,672	1,214,913	
• *Roads*	24,133,047		25,308,182	(1,175,135)
• *Environment*	1,598,000		600,000	998,000
• *Emergency projects*	2,661,800		800,000	1,861,800
Use of Goods and services	8,528,025		6,903,365	1,624,660
Compensation of employees	2,046,677		2,009,774	36,903

165. Consequently, the accuracy of the financial statements for the year ended 30 June 2017 cannot be confirmed.

Management Response

166. Management acknowledges the variances between the balances reported in the financial statements and those in the supporting schedules. Management wishes to clarify that supporting ledgers and documentation have been availed to substantiate the balances reported in the financial statements. The noted variances primarily arose from misclassification;

management confirmed that the classification differences did not affect the overall accuracy and completeness of the financial statements. Notwithstanding, Management has noted the observation and strengthened internal reviews to ensure proper classification and alignment between the financial statements and supporting schedules in future reporting periods.

Committee Observation

167. The Committee observed that the matter was adequately addressed and resolved.

b) Failure to Withhold Retention Money for Projects

168. A review of contract records and payment vouchers for the year under review revealed that certificates of works attached did not include retention money. Contractors were instead paid gross contract sum less 6% VAT. This implied that any defects arising would be rectified by project beneficiaries. Payments amounting to Kshs. 44,191,000 were made to contractors without withholding retention amounts. No explanation has been provided for this anomaly.

Management Response

169. Management noted that retention amounts were not deducted at the time, which was a gap in contract management. However, Management has since addressed this weakness and confirms that retention monies are now being consistently withheld in all subsequent project payments, in line with applicable regulations. Management provided evidence demonstrating the withholding and proper management of retention funds in subsequent financial years for audit verification.

Committee Observation

170. The Committee observed that the matter was adequately addressed and resolved.

c) Full Payment for Partly Executed Projects

a) Dandora 1 Health Centre -- Staff Quarters

b) Dandora -- Expansion of Administration Police Road

c) James Gichuru Primary School -- Supply of Desks

d) Dandora Girls Secondary School -- Supply of Desks and Related Works

Table 5: Embakasi North Constituency, FY 2016/2017 – Full Payment for Partly Executed Projects

Project Location	Project Description	Contract Sum (Kshs)	Findings
a) Dandora	Expansion of Administration Police Road	3,000,000	Project was said to have been done during the 2014/15 financial year. During the 2015/2016 financial year auditors were also taken to the same project as part of the projects implemented in 2015/2016 financial year.

Project Location	Project Description	Contract Sum (Kshs)	Findings
b)JamesGichuru Primary School	Supply of 100 desks	499,960	Management of the school confirmed receipt of 60 desks with the balance of 40 desks not accounted for. Goods received notes were not provided for verification.
Dandora Girls Sec school.	Completion of installation of power in the kitchen and toilet, buying of 150 black boards and 150 desks and floor screening	2,300,000	Management of the school confirmed receipt of 100 desks withthe balance of 50 desks not accounted for. Goods received notes were not provided for verification.

171. In the absence of physical evidence of completion of works and delivery of goods, it is not possible to confirm that the expenditure referred above was valid and a proper charge to public funds.

Management Response

172. Dandora 1 Health Centre -- Staff Quarters: Management confirmed that payments made to the contractor were based on certified works completed at the time. The initial payment was for completed units, while the remaining balance was settled upon completion of all works. Following the audit observations, Management, through the Project Management Committee (PMC), formally recalled the contractor to site to complete the outstanding works and rectify defects identified, including poor workmanship. Evidence of correspondence recalling the contractor has been availed for audit verification.

173. Dandora -- Expansion of Administration Police Road: Management clarified that the project was implemented in phases, which may have led to it being referenced in more than one financial year. Management has provided documentation supporting the phased implementation for audit review.

174. James Gichuru Primary School -- Supply of Desks: Management confirmed that all 100 desks were delivered to the school. Supporting documents, including acknowledgement letters from the school and Goods Received Notes, have since been availed to the auditors for verification.

175. Dandora Girls Secondary School -- Supply of Desks and Related Works: Management confirms that all contracted items, including desks and associated works, were delivered and completed. Evidence in the form of acknowledgement letters and Goods Received Notes was provided to support delivery and receipt of the items.

Committee Observation

176. The Committee observed that the matter was adequately addressed and resolved.

d) Implementation of Substandard Projects

177. Physical verification of road projects revealed that most of the roads implemented during the year under review were still in bad state. Some of the access roads said to have been maintained had deep troughs with no evidence of drainage works done as indicated in the Bills of Quantities. Projects with a total contract sum of Kshs. 9,397,437 were not done to the expected standard. These projects included:

    i. Construction of Super Loaf Extension Road

    ii. Construction of Miwa Road

    iii. Construction of Gitari Maringo/Kinyago Road

    iv. Construction of Marphic Road

178. As at the time of verification, Nairobi City County had also engaged another contractor to carry out rehabilitation works on Gitari Maringo/Kinyago Road as per project board on site. Consequently, the constituents did not obtain value for money spent on the four road projects.

Management Response

179. Management clarified that the road works were executed to the required specifications and standards in line with the Bills of Quantities and were inspected and certified by the responsible Roads Engineer upon completion. Completion certificates were duly issued, and supporting evidence, including project photographs, has been made available for audit verification. Management further noted that the roads may have deteriorated over time due to weather factors, particularly heavy rainfall, and natural wear and tear after completion. This may have contributed to the observed state at the time of audit inspection.

Committee Observation

180. The Committee observed that the matter was adequately addressed and resolved.

e) Variation Between Contract Price and Value of Works Certified

181. The Constituency Development Fund management engaged Hunyu Bush Clearing and Nurseries to install seven high mast floodlights in Dandora at a contract price of Kshs.10,000,000 according to a copy of Local Purchase Order (LPO) No. A583560. Value of work executed as per statement of payment dated 30 September 2016 was Kshs. 7,999,997. The contractor was paid the amount of Kshs. 7,999,997 vide payment voucher No. 088. Variation of Kshs. 2,000,003 between the LPO value and the value of works executed and certified was not explained. Further, no disclosure has been made in the financial statements of any pending amount payable to the contractor as at 30 June 2017. Consequently, it is not clear whether the project was executed according to the requirements of the contract.

Management Response

182. Management clarified that Kshs.7,999,997 represented payment for works completed and certified at the time. The remaining balance was settled upon full completion and installation of the floodlights, in accordance with the agreement between the contractor and the Project Management Committee (PMC). Supporting documentation, including PMC minutes confirming the agreement and subsequent completion of the works, has been availed for audit verification.

Committee Observation

183. The Committee observed that the matter was adequately addressed and resolved.

f) Unsupported Sports Equipment

184. Expenditure records show that the Constituency Development Fund management purchased sports equipment worth Kshs.2,000,000 during the year under review. The management explained that the equipment was distributed to various teams within the Constituency. However, documentary evidence of the quantity purchased, received and distributed and details of the teams which received the equipment was not provided for audit verification. Consequently, it has not been possible to confirm the propriety of the expenditure and whether the equipment reached the intended beneficiaries.

Management Response

185. Management clarified that it has since traced the documents and attached them for audit verification.

Committee Observation

186. The Committee observed that the matter was adequately addressed and resolved.

g) Underpayment of Compensation of Employees

187. The statement of receipts and payments reflects total expenditure on compensation of employees of Kshs. 2,046,677. However, and as noted in the previous year, examination of employee records revealed that the management was still not adhering to GDF Board/Circulars No 1.1/166 as regards payment of the approved salaries to the employees as analyzed below:

Table 6: Embakasi North Constituency, FY 2016/2017 – Underpayment of Compensation of Employees

Month	Payroll Amount (Kshs.)	Approved rates (Kshs.)	Under Payment (Kshs.)
July	112,041	142,551	52,352
August	112,041	142,551	52,352
September	112,041	142,551	52,352
October	112,041	142,551	52,352
November	112,041	142,551	52,402
December	112,041	142,551	52,402
January	112,041	142,551	52,402
February	90,199	142,551	52,402
March	90,199	142,551	30,510
April	90,199	142,551	30,510
May	90,199	142,551	30,510
June	90,199	142,551	30,510

Month	Payroll Amount (Kshs.)	Approved rates (Kshs.)	Under Payment (Kshs.)
	1,235,282	**1,710,612**	**541,056**

188. No explanation has been provided for the persistent failure to comply with NG-GDF Board circular. In the circumstances, the expenditure on compensation of employees for the year under review appear to be understated.

Management Response

189. Management passed a resolution to pay a total of Kshs.112,041 to staff for seven months and a total of Kshs.90,199 for 5 months, as per the vote book balances at that time. The minute approved the payments have been availed to the auditor for verification.

Committee Observation

190. The Committee observed that the matter was adequately addressed and resolved.

h) Payment for Unutilized Office Space

191. The statement of receipts and payments reflects expenditure of Kshs. 8,528,025 in respect of use of goods and services. Included in the expenditure is office rent of Kshs. 900,000 (2015/2016: Kshs. 1,410,000). Rent for the months of April to June 2017 was not reflected in the ledgers. A visit to the office, and as noted in the previous year revealed that the Fund rented double the space the staff had been occupying at twice the initial cost. Verification of the extra office space acquired revealed that it had not been put to use for three years since the date of the lease agreement and the Fund continued to pay for rent for the unoccupied office space. No proper explanation has been provided for paying rent for the unoccupied space. The public funds spent on the unoccupied space have, therefore, not been used in an economic, efficient and effective manner.

Management Response

192. Management acknowledged the observation regarding payment for unutilized office space. The additional office space was acquired in anticipation of future staff expansion. However, delays in approval of additional staffing and budgetary constraints affecting furnishing and equipping the space prevented it from being occupied within the expected timeframe. The space is now fully occupied.

Committee Observation

193. The Committee observed that the matter was adequately addressed and resolved.

i) Net Financial Position

194. The statement of financial assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs. 3,175,714.76, being the difference between the brought forward fund balance of Kshs. 25,009,599.73 and the deficit for the year of Kshs. 21,833,884.97. No explanation has been provided for this anomaly.

Management Response

195. The anomaly arose due to a presentation error during the preparation of the financial statements, where the net position was inadvertently reflected as net liabilities instead of the net financial position. The template was later amended to reflect the true position.

Committee Observation

196. The Committee observed that the matter was adequately addressed and resolved.

Other Matter

j) Failure to Adhere to Public Procurement Act and Regulations

197. A review of expenditure records and payment vouchers for major projects implemented during the year revealed that the Fund procured most goods and works through request for quotations. Whereas the Constituency had a list of pre-qualified suppliers and contractors, there was no evidence to show that the pre-qualification was carried out competitively as required under Section 93(3) of the Public Procurement and Asset Disposal Act, 2015. It was further noted that quotations were received from two bidders and in some instances only one bidder responded. Based on sample examination of payment records provided, goods and works worth Kshs. 56,563,928 were procured through request for quotations as detailed below:

Table 7: Embakasi North Constituency, FY 2016/2017 – Failure to Adhere to Public Procurement Act and Regulations

Project Location	Project Description	Contractor Name	Contract Price Kshs	Method of procurement
Kariobangi North	Construction of super loaf extension road	Prime Nigel ltd	2,300,000	Use of quotations
Dandora Phase II	Construction of Cinema road Phase II	Tresmu investments ltd	12,000,000	Use of quotations. Only 2 bidders were received and evaluated.
Kariobangi North	Construction of Miwa Road	Mabaks enterprises	2,498,756	Use of quotations. Only 1 bidder was evaluated
Dandora	Expansion of administration Police Road	Hunyu bush clearing & nurseries	3,000,000	Use of quotations. Only 2 bidders were received and evaluated.
Office	Purchase of sports equipment for tournament	Ndakaini hardware & property agencies	1,000,000	Use of request for quotation.
Office	Purchase of sports equipment for tournament and facilitation	Hestroy enterprises	1,000,000	Use of request for quotations. Only 2 bidders were received and evaluated
Entire Constituency	Installation of 7 No. flood masts lights	Hunyu bush clearing & nurseries	9,999,999	Use of quotations. Only 3 bidders were received and evaluated.

Project Location	Project Description	Contractor Name	Contract Price Kshs	Method of procurement
Dandora Girls Sec Sch	Electricals, furniture, and stationery	Hunyu Bush Clearing & Nurseries	1,692,393	Use of quotations. Only 3 bidders were received and evaluated. The opening committee did not sign the quotations.
Dandora	Construction of Gitari Maringo/Kinyago road	Ndakaini Hardware & Property Agencies	2,598,841	Use of quotations. Only 1 bidder was evaluated.
Kariobangi North	Construction of Marphic road	Mwafi enterprises	1,999,840	Use of quotations. Only 1 bidder was evaluated
Ushirika Secondary Sch	Construction of administration block and 2 classrooms	Tresmu Investment ltd	13,872,962	Use of quotations. Only 1 bidder was evaluated
James Gichuru Pri, Sch	Supply of desks	Prismart Enterprises Co Ltd	499,960	No desks supplied; not indicated in the invoice. No delivery note attached.
Kariobangi North	Completion of Kariobangi North Police Station	Tresmu Investment ltd	2,000,000	Use of request for quotations. Only 2 bidders were received and evaluated.
Dandora 1 Secondary Sch	Construction of kitchen block	Mabaks enterprises	2,101,177	Use of request for quotations. Only 3 bidders were received and evaluated.
Total			56,563,928	

198. Further, it was noted that three firms have been featuring prominently in most procurement since the Fund's inception namely; Mabaks Enterprises, Tresmu Investment Limited, and Hunyu Bush Clearing and Nurseries. It is not clear whether the management was keen to ensure that the quotation were submitted in a way to avoid same firms quoting for the works as required by the law.

Management Response

199. Management clarified that all suppliers and contractors invited to quote were sourced from the Fund's list of prequalified suppliers and contractors. The Fund undertook the prequalification process competitively, and evaluation minutes supporting the process have been availed for audit verification. Further, for each procurement process, a minimum of three suppliers within the relevant category were invited to submit quotations in line with the

request for quotation procurement method. When fewer bidders responded, the evaluation was based on the quotations received. The firms awarded contracts were the most responsive bidders, based on the evaluation criteria applied by the evaluation committees. Management also noted that the repeated appearance of certain firms in various procurements was coincidental and attributable to their responsiveness and competitiveness during evaluation. Management had no intention of favouring any specific suppliers or contractors.

Committee Observation

200. The Committee observed that the matter was adequately addressed and resolved.

k) Budget and Budgetary Control

Previous Years Allocation Brought Forward

201. Examination of the Funds' records revealed that it had an opening bank balance of Kshs.25,000,600 at the beginning of the 2016/2017 financial year. During the year 2016/17 the Constituency received Ksh.50,787,696 in respect of allocation for the previous financial years not disbursed. However, the list of specific projects implemented using the opening cash balance of Kshs.25,000,600 and disbursements for the previous years of Kshs.50,787,696 was not provided for audit verification in order to track the implementation for the previous year's budgets.

Management Response

202. At the time of the audit, the detailed schedules linking the opening balances and prior-year disbursements to the specific projects implemented had not been availed. However, Management has since prepared and availed project schedules for audit verification.

Committee Observation

203. The Committee observed that the matter was adequately addressed and resolved.

l) Under Expenditure

204. The following projects with a total budget of Kshs.32,761,833 in 2016/2017 were implemented at a total cost of Kshs.22,297,552 resulting to under-expenditure of Ksh.10,464,282 as detailed below:

Table 8: Embakasi North Constituency, FY 2016/2017 – Under Expenditure

Project Location	Budgeted Amount (Kshs)	Actual Amount Spent (Kshs)	Under-Exp. (Kshs)
Dandora Sec Sch., Ushirika Sec. Sch. Dandora Pri Sch. Kariobangi North Pri Sch. And Kariobangi North Sec. Sch.	1,000,000	600,000	400,000
Embakasi North Constituency	19,474,137	11,880,000	7,594,137
Construction of boda boda and market shades	12,287,696	9,817,552	2,470,145

Project Location	Budgeted Amount (Kshs)	Actual Amount Spent (Kshs)	Under-Exp. (Kshs)
Total	**32,761,833**	**22,297,552**	**10,464,282**

205. No satisfactory reason has been given for the under-expenditure.

Management Response

206. Management w clarified that the apparent under-expenditure arose because some of the projects were implemented when funds were received and projects were completed. Management confirmed that the projects, including those in Dandora Secondary School, Ushirika Secondary School, Dandora Primary School, Kariobangi North Primary School, Kariobangi North Secondary School, constituency projects, and construction of boda boda and market shades, were eventually completed and are currently in use by the intended beneficiaries. Supporting completion certificates and photographic evidence have been availed for audit verification.

Committee Observation

207. The Committee observed that the matter was adequately addressed and resolved.

m) Budget and Budgetary Control - Over-Expenditure

208. Further, three projects with a total budget of Kshs.6,000,000 in 2016/2017 were implemented at a total cost of Ksh.10,097,591 resulting in an over-expenditure of Kshs.4,097,591 detailed below:

Table 9: Embakasi North Constituency, FY 2016/2017 – Budget and Budgetary Control - Over-Expenditure

Project Location	Budget Amount (Kshs.)	Actual Amount (Kshs)	Over Expenditure (Kshs)
Ushirika Secondary School-Completion of school administration block	2,000,000	4,999,994	2,999,994
Rehabilitation of Gitari Maringo road	2,000,000	2,598,841	598,841
Rehabilitation of Miwa Road	2,000,000	2,498,756	498,756
	6,000,000	**10,097,591**	**4,097,591**

209. No approval or explanation has been provided for the over expenditure.

Management Response

210. Management clarified that the additional expenditure incurred on the projects was financed using approved balances brought forward from previous financial years. The projects were

implemented progressively and the available prior year balances were utilized to complete the works. The statement of appropriation discloses the balances in the adjustment column, which provided evidence of the previous year funds applied to the projects. Management further confirmed that the projects, including completion of the administration block at Ushirika Secondary School and rehabilitation of Gitari Maringo Road and Miwa Road, were completed and are currently serving the intended beneficiaries.

Committee Observation

211. The Committee observed that the matter was adequately addressed and resolved.

n) Budget and Budgetary Control - Expenditure without Budgetary Provision

212. The following projects totaling Ksh.5,392,837 did not have budgetary allocation during the year under review:

Table 10: Embakasi North Constituency, FY 2016/2017 – Budget and Budgetary Control - Expenditure without Budgetary Provision

Project Description	Actual Amount Spent (Kshs.)
Construction of staff quarters	4,482,092
Rehabilitation of Wangu Road	910,745
Total	**5,392,837**

213. No explanation has been given for this anomaly.

Management Response

214. Management clarified that the projects had been duly approved and included in the relevant code list and project approval schedules. The expenditure was therefore incurred on authorized projects within the approved Fund activities. Management further confirmed that supporting documents, including the approved code list and related project approval records, have been availed for audit verification.

Committee Observation

215. The Committee observed that the matter was adequately addressed and resolved.

o) Budget and Budgetary Control - Non-Implemented Projects

216. Projects included in the approved budget with a total budget of Kshs.4,600,000 had not started as at the time of audit as detailed below:

Table 11: Embakasi North Constituency, FY 2016/2017 – Budget and Budgetary Control - Non-Implemented Projects

Project location	Project description	Budgeted Amount (Kshs)
Embakasi North Constituency	Payment of examination preparation of papers to secondary schools	1,000,000
Kariobangi North Primary School	Construction of perimeter wall	800,000

Project location	Project description	Budgeted Amount (Kshs)
Wangu Primary School	Renovation of perimeter wall, purchase of 200 classroom desks	300,000
Dandora Primary School	Construction of classroom block	2,500,000
Total		**4,600,000**

217. Consequently, the constituents did not obtain the intended benefits from these projects.

Management Response

218. Management confirmed that the projects, including examination preparation support for secondary schools, construction and renovation of perimeter walls, purchase of classroom desks, and construction of a classroom block at Dandora Primary School, were undertaken and completed for the benefit of the constituents. Supporting documents including inspection reports, delivery notes, completion certificates, and photographs were availed for audit verification.

Committee Observation

219. The Committee observed that the matter was adequately addressed and resolved.

3.4.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Unsupported Emergency Projects Expenditure

220. The financial statements show that under other grants and transfers an amount of Kshs.4,392,000 was spent on emergency projects. However, no payment vouchers and related documents were provided in support of the expenditure. Therefore it was not possible to confirm the validity of the expenditure or that the amount was used for the intended purpose.

Management Response

221. The Management clarified that the delay in providing the payment vouchers and related supporting documents was due to challenges in retrieving the files from the records office at the time of the audit. However, the documents have since been retrieved and attached for audit verification. Copies of the payment vouchers and related supporting documents in support of the expenditure amounting to Kshs. 4,392,000 are attached herewith.

Committee Observation

222. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalents

223. The statement of assets reflects bank balances of Kshs.25,562,234 under cash and cash equivalents. Further bank reconciliation statement as at June 2018 reflects unpresented cheques totaling Kshs.3,100,553.04 which includes an amount of Kshs.1,199,874 in respect of stale cheques. No reasons were given for failure to reverse stale cheques. In addition, bank reconciliation statement reflects a receipt of Kshs.1,505,000 in the bank not recorded in cash book for which no explanation was given. In the circumstances, the accuracy of cash and cash equivalents balances of Kshs.25,562,234 could not be ascertained.

Management Response

224. Management confirmed that the stale cheques totaling Kshs. 1,199,874 have been reversed as evidenced by the cashbook extracts showing both reversal and replacement entries. In addition, the receipt in the bank not in the cashbook of ksh. 1,505,000 was later posted in the cashbook.

Committee Observation

225. The Committee observed that the matter was adequately addressed and resolved.

c) Net Financial Position

226. The statement of assets as at 30 June 2018 reflects total financial assets balance of Kshs.25,562,234 and Nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the statement of assets shows net liabilities instead of the net financial position of Kshs.25,562,234.

Management Response

227. The anomaly arose due to a presentation error during the preparation of the financial statements, where the net position was inadvertently reflected as net liabilities instead of the net financial position. Management has since reviewed the financial statements and noted the error. Measures have been put in place to ensure proper review and reconciliation of financial statements before submission to prevent similar presentation errors in future.

Committee Observation

228. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance

229. In 2017/2018 Financial Year, Embakasi North NG-CDF had an approved budget of Kshs.142,313,645 which included adjustments of Kshs.55,503,300 but the actual expenditure was Kshs.61,966,926 or 44%, resulting in under expenditure of Kshs.80,346,719 or 56% of the total budget. In this regard the under expenditure implies that planned activities were not executed and thus resulting in lack of effectiveness in service delivery to the constituents. Further records show that an amount of Kshs.25,000,000 was initially budgeted for the rehabilitation of Tom Mboya playing ground, however, Kshs.20,000,000 was later reallocated to renovation of Tom Mboya Primary School and the balance of Kshs.5,000,000 to construction of a perimeter wall. No reasons were given for failure to incur the expenditure for the purpose which it was initially intended.

Management Response

230. Management clarified that the underfunding was primarily due to delays in the release of funds from the National Government Constituencies Development Fund Board. The delayed disbursement affected the timely implementation of planned projects within the financial year, resulting in temporary under-absorption of the approved budget. However, the funds were subsequently released, and the affected projects were implemented thereafter. This was supported by copies of Authority to Incur Expenditure (AIEs), summary schedules of projects, completion certificates, and project photographs evidencing execution and completion.

Committee Observation

231. The Committee observed that the matter was adequately addressed and resolved.

e) Implementation of Non-budgeted Projects

232. Expenditure records in respect to other grants and transfers shows that an amount of Kshs.586,858.78 was paid for agriculture/marketing projects which were not among the projects approved by the NG-CDF Board.

Management Response

233. The Management clarified that the expenditure amounting to Kshs. 586,858.78 incurred on agriculture/marketing projects was necessitated by urgent community needs which arose after the approval of the initial project list by the NG-CDF Board. The payment was made from the emergency kitty. The projects were implemented to support local farmers and improve agricultural marketing within the constituency.

Committee Observation

234. The Committee observed that the matter was adequately addressed and resolved.

f) Projects implemented without the input of Project Management Committees

235. During the year under review, Embakasi North NG-CDF management awarded and executed projects valued at Kshs.6,864,477 without involving the Project Management Committees (PMCs) contrary to section 36(1) and section 57 of the National Government Constituency Development Fund Act, 2015.

Management Response

236. Management clarified that the implementation of projects valued at Kshs. 6,864,477 was with the involvement of the Project Management Committees (PMCs). However, their capacity to write minutes, reports were limited but later they were trained. No project in Embakasi North NG-CDF has been implemented without a PMC account and committee.

Committee Observation

237. The Committee observed that the matter was adequately addressed and resolved.

g) Ushirika Secondary School

238. Examination of records revealed that a contractor among two others submitted bids for construction of administration block and two classrooms at Ushirika Secondary school at a tender sum of Kshs.13,872,962. However, in unexplained circumstances, the contract was revised upwards and awarded to the same contractor at Kshs.15,691,490 resulting in excess variation of the tender sum and payments of Kshs. 1,818,528 contrary to section 139(1)(a) of the Public Procurement and Disposal Act (2015). The audit further revealed that the contractor was paid an amount of Kshs.1,021,450 in respect of electrical work which was not initially included in the bill of quantities without a variation order. Although the form of tender was signed on 30 April 2015, other documents that forms the contract were not signed. Therefore, it was not possible to evaluate and determine the actual commencement date of the contract and the contract period. In addition, payment vouchers in respect of the project were not provided for audit. As a result, the regularity and propriety of the expenditure could not ascertained.

Management Response

239. Management clarified that the revision of the contract sum from Kshs. 13,872,962 to Kshs. 15,691,490 was occasioned by additional works that were identified during the

implementation stage of the project. These additional works included electrical installations that were necessary for the functionality of the administration block and classrooms. The works were undertaken to ensure completion of the project to the required standards. Management acknowledged that the variation order and some contract documents were not available at the time of audit due to delays in retrieval of project files from the records office. However, the documents have since been traced and properly filed for audit verification. The management confirmed the form of tender was signed and availed for audit review. Further, the payment vouchers relating to the project have now been made available. The variation was as a result of additional work and increase of prices of building materials. All relevant documents were signed.

Committee Observation

240. The Committee observed that the matter was adequately addressed and resolved.

h) Dandora Secondary School

241. Examination of the tender records in respect of Contract no. SCWO/EMB-N/CDF/1/2016-17 for construction of 240-meter perimeter wall for Dandora Secondary School revealed that the contract was awarded to a firm at Kshs.3,978,900 on 24 April 2017. However, the procurement process was not open, competitive and fair contrary to Article 227(1) of the constitution, 2010. The works were to commence immediately and were scheduled to run for a period of twelve weeks but were instead extended to over a year. No recommendation or approval by an evaluation committee as well as certificate from the tenderer for justifications of contract period was provided contrary to section 139(2) of public Procurement and Asset Disposal Act, 2015. The amount paid to the contractor totaling to Kshs.4,999,980 exceeded the contract sum by Kshs.1,021,080 or 26%. This variation was not tendered for separately contrary to section 139(6) of Public Procurement and Disposal Act, 2015. An audit inspection undertaken on 27 May 2019 revealed visible cracks on walls, the lower part of the walls was not plastered and columns were not uniformly distributed as some are more than four meters apart.

Management Response

242. Regarding the procurement process, Management acknowledged that the local contractors were invited among the prequalified contractors within the constituency. This was to ensure the local community given priority over other contractors. The variation of Kshs. 1,021,080 exceeding the original contract sum was necessitated by additional works identified during execution. Management has since regularized the payments and ensured proper documentation of variations in line with Section 139(6) of the Public Procurement and Asset Disposal Act, 2015. Regarding the quality concerns noted during the audit inspection the contractor has been directed to rectify the defects, including plastering of lower walls, uniform distribution of columns, and repair of visible cracks.

Committee Observation

243. The Committee observed that the matter was adequately addressed and resolved.

i) Proposed Construction of Kinyago Police Post at Dandora

244. Embakasi North NG-CDF awarded a contract for the proposed construction of Dandora Police Post to a contractor at Kshs.7,837,635 during the 2015/2016 Financial Year. The scope of works included completion of prison cell, armory, roofing, tiles, plastering, painting and

electrical works. Examination of the project codelist for 2017/2018 revealed that an amount of Kshs. 5,000,000 had been paid to the Project Management Committee (PMC) for works done translating to 64% of the contract sum. However, bank statements for the PMC account, payment vouchers and related documents were not provided for audit review. As a result, the regularity and propriety of the expenditure could not be ascertained. An audit Inspection undertaken on 27 May 2019 revealed that the building was incomplete. Other anomalies observed included: i) The contractor was not on site ii) Drainage works for the whole building had not been done. iii) Armory was incomplete and its ventilation had not been done iv) Asian type toilets were fixed without determination of tile level and therefore submerged. v) Substandard toilet fittings which had broken down. vi) A section of ceiling had fallen down. vii) Incomplete inspection chambers (man hole) without covers.

Management Response

245. Management clarified that the payment of Kshs. 5,000,000 to the Project Management Committee (PMC) represented works completed up to the date of disbursement, translating to 64% of the total contract sum of Kshs. 7,837,635. The absence of bank statements, payment vouchers, and related documents at the time of audit was due to delays in retrieval from the records office. The documents have since been traced and are attached for verification. Management further acknowledged the incomplete works and observed anomalies during the audit inspection on 27 May 2019. Corrective actions have been initiated with the contractor recalled on the site to complete the works and make good defect to the required standards.

Committee Observation

246. The Committee observed that the matter was adequately addressed and resolved.

j) Construction of a perimeter wall at James Gichuru Primary School

247. A contract for construction of a 30-metre wall at James Gichuru primary school was awarded to a contractor at Kshs.587,830 during the financial year 2016/2017. Records show that Embakasi North NG-CDF had paid a total of Kshs.600,000 to the contractor during the two subsequent financial years. However, contract documents, progress reports, site meeting minutes and payment vouchers were not provided for audit review. An audit inspection conducted on 27 May 2019 revealed unsatisfactory matters as follows: i) 15 meters only out of the 30-meter perimeter wall was constructed despite the contractor having being paid Kshs.600,000. ii) Excavation of the entire foundation of the wall was not undertaken iii) Lack of physical evidence that new stone blocks and steel were used in the construction of the wall.

Management Response

248. Management clarified that there was delay in availability of project documents, including contract agreements, progress reports, site meeting minutes, and payment vouchers. These documents have since been retrieved and are attached for audit verification. Regarding the issues noted during the audit inspection on 27 May 2019 the contractor was recalled to complete the remaining works as evidenced by project photo. The management confirm that the material used including stone blocks and steel were of good quality which were bought as per material specification.

Committee Observation

249. The Committee observed that the matter was adequately addressed and resolved.

3.4.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Presentation and Disclosure of the Financial Statements

250. A summary of the prior year audit issues has been provided under the progress on follow up of auditor recommendations section. However, the management has not indicated whether the issues had been resolved or not, the focal person to resolve the issue and the time frame which the issues were expected to be resolved. In addition, the statement of assets and liabilities reflects total assets of Kshs.35,707,798.00 represented by an equivalent fund balance. However, the fund balance is erroneously described as net liabilities. Consequently the financial reporting guidelines prescribed by the Public Sector Accounting Standards Board have not been observed.

Management Response

251. Management clarified that the omission of details regarding the status of prior year audit issues, responsible officers, and timelines for resolution under the progress on follow-up of auditor recommendations section was due to an oversight during the preparation of the financial statements. The schedule has since been updated in subsequent years to reflect the correct position. Further, the description of the fund balance as net liabilities instead of the net financial position amounting to Kshs. 35,707,798.00 was a presentation error during the preparation of the Statement of Assets and Liabilities. The financial statements have since been corrected to properly reflect the fund balance as the net financial position in accordance with the financial reporting guidelines issued by the Public Sector Accounting Standards Board.

Committee Observation

252. The Committee observed that the matter was adequately addressed and resolved.

b) Unreconciled Unutilized Funds Balances

253. The summary statement of appropriation -- recurrent and development combined reflects a total budget under-utilization of Kshs. 106,865,678 which differs with the unutilized funds balance of Kshs. 108,948,675 reflected under Note 15.3 to the financial statements and Annex 3 by Kshs. 2,082,997. The difference has not been reconciled. The accuracy of the unutilized funds balance could not be confirmed.

Management Response

254. The variance of Kshs. 2,082,997 between the total budget under-utilization of Kshs. 106,865,678 reflected in the Summary Statement of Appropriation (Recurrent and Development) and the unutilized funds balance of Kshs. 108,948,675 reflected under Note 15.3 and the financial statements arose due to a posting error during the preparation of the financial statements. The corrected figures were aligned in the Summary Statement of Appropriation, Note 15.3 to ensure consistency and accuracy of the unutilized funds balance.

Committee Observation

255. The Committee observed that the matter was adequately addressed and resolved.

c) Cash and Cash Equivalents

256. The bank reconciliation statement for June 2019 reflected unpresented cheques amounting to Kshs. 2,095,134 out of which Kshs. 615,915 were stale. The stale cheques had not been

reversed in the cash book as at 30 June 2019. The accuracy of the cash and cash equivalents balance of Kshs.35,707,798 could not be confirmed.

Management Response

257. Management clarified that the stale cheques amounting to Kshs. 615,915 reflected in the bank reconciliation statement as at 30 June 2019 had not been reversed in the cash book due to delays in the reconciliation process at the time of preparing the financial statements. The stale cheques have since been identified and reversed in the cash book, and the bank reconciliation statement has been updated accordingly. This has ensured that the cash and cash equivalents balance is properly reflected and reconciled.

Committee Observation

258. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Expenditure on Other Grants and Transfers

259. The statements of receipts and payments reflects other grants and transfer balance of Kshs. 47,371,504.00 which as disclosed at Note 7 to the financial statements, included Kshs. 2,150,000 relating to emergency projects. However, payment vouchers and relevant supporting documents for expenditure were not provided contrary to the regulation 104(1) of Public Finance Management (County Governments) Regulations, 2015. Further the balance included Kshs. 32,303,504 being bursaries disbursed to tertiary institutions and secondary schools. However, the bursary application register maintained to show the names of applicants and their identification details, location of domicile, schools and colleges as well as acknowledgements of receipts were not provided for audit. The accuracy and validity of the reported payments for other grants and transfers could not be confirmed.

Management Response

260. Management clarified that the delay in providing payment vouchers and supporting documents relating to emergency projects including CDFC minute approving expenditure amounting to Kshs. 2,150,000 and bursaries totaling Kshs. 32,303,504 have since been traced and attached for audit verification. Further, the bursary application register detailing the names of applicants, identification details, location of domicile, institutions attended, and acknowledgement of receipt has since been compiled and made available.

Committee Observation

261. The Committee observed that the matter was adequately addressed and resolved.

e) Unsupported Monitoring and Evaluation Expenses

262. The statement of budget execution by program and sub programs reflects an expenditure of Kshs.2,160,507 for Monitoring and Evaluation. However, this amount included Kshs.526,500 which was supported with relevant documents such as payment vouchers, list of projects visited and Monitoring and Evaluation of projects visited. Further the statements reflect an expenditure of Kshs. 1,700,000 on capacity building on which payments totaling Kshs. 1,115,000 were not supported with dates and location where capacity building took place, team building program and attendance register. In addition, the payments included an amount of Kshs. 96,000 paid as sitting allowances but for which minutes the meetings held were not provided for audit. It was not possible to ascertain whether the expenditure was lawful, authorized, effective, efficient, economical and transparent.

Management Response

263. The delay in providing some supporting documents without dates and location where capacity building took place, team building program and attendance register for capacity building payments totaling Kshs. 1,115,000 was due to challenges in retrieving the relevant documentation from the records office at the time of audit. The documents have since been traced and are now attached for audit verification. The Management further confirmed that the Monitoring and Evaluation activities and capacity building programs were undertaken as planned to enhance project oversight and improve the effectiveness of project implementation. Regarding the sitting allowances amounting to Kshs. 96,000, the minutes of the meetings were retrieved and attached for audit verification.

Committee Observation

264. The Committee observed that the matter was adequately addressed and resolved.

f) Budgetary Control and Performance

265. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs. 187,304,597 and Kshs. 116,146,717 respectively resulting to an under-funding of Kshs. 71,157,880 or 38% of the budget. Similarly, the Fund expended Kshs. 80,438,919 against an approved budget of Kshs. 187,304,597 resulting to an under-expenditure of Kshs. 106,865,678 or 57% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the constituents.

Management Response

266. Management clarified that the underfunding was primarily due to delays in the release of funds from the National Government Constituencies Development Fund Board. The delayed disbursement affected the timely implementation of planned projects within the financial year, resulting in temporary under-absorption of the approved budget. However, the funds were subsequently released, and the affected projects were implemented thereafter. This is supported by copies of Authority to Incur Expenditure (AIEs), summary schedules of projects, completion certificates, and project photographs evidencing execution and completion.

Committee Observation

267. The Committee observed that the matter was adequately addressed and resolved.

g) Proposed Construction of four classrooms storey block at Ushirika Primary School

268. Contract documents including the project proposal from the PMC budgets, Bills of Quantities, Work plans, Progress reports and site meeting minutes were not provided for audit. The contractor was paid Kshs.3,788,708 or 48% of the contract amount to unspecified certificate of works completed. The contract was to be implemented within six (6) months period commencing on 30th Nov 2018 and ending 30th May 2019. However, audit inspection undertaken on 22nd Jan 2020 revealed that the project was not labeled.

Management Response

269. Management clarified that there was delay in providing contract documents including the project proposal from the Project Management Committee (PMC), budgets, Bills of Quantities, work plans, progress reports, and site meeting minutes. The documents have since

been traced and are now attached for audit verification. Regarding the payment of Kshs. 3,788,708 representing 48% of the contract sum,

270. Management also confirmed that the payment was made based on works completed and certified by the project supervising officer. The relevant certificates of works completed have since been retrieved and attached for audit review. Further, Management noted the observation that the project site had not been labelled during the audit inspection conducted on 22 January 2020. The project has since been properly labelled in accordance with the NG-CDF requirements to enhance project identification and transparency.

Committee Observation

271. The Committee observed that the matter was adequately addressed and resolved.

h) Renovation of classrooms at Tom Mboya Primary School

272. Examination of contract documents revealed that the Fund awarded the contract for the renovation of twenty-seven (27) classrooms at Tom Mboya Primary School at a contract sum of Kshs. 20,001,416 for a contract period of thirteen (13) months commencing on 1 February, 2017 and to be completed on 1 February, 2018. However, the contractor was paid Kshs. 17,848,480 or 89% of the contract sum for unspecified certificate of works completed. Further, the contract documents including bills of quantities, work plans, progress reports and site meeting minutes were not provided for audit. In addition, audit Inspection undertaken on 22 January, 2020 revealed that, the ceiling was falling off and the corridor floor was not repaired, the roof was leaking and the workmanship on walls finishing was poor.

Management Response

273. The contract documents including the Bills of Quantities, work plans, progress reports, and site meeting minutes certificates of works completed and related documentation were not readily available during the audit due to delays in retrieving the project files from the records office. The documents have since been traced and are now attached for audit verification. Regarding the issues noted during the audit inspection conducted on 22 January 2020, Management acknowledged the defects observed including the falling ceiling, leaking roof, unrepaired corridor floor, and poor wall finishing. The contractor has since been notified and directed to rectify the defects to the required standards in accordance with the contract terms.

Committee Observation

274. The Committee observed that the matter was adequately addressed and resolved.

i) Proposed construction of six classrooms storey block at Dandora Girls Secondary School

275. The Fund awarded the contract for the proposed construction of six (6) classrooms storey block at Dandora Girls Secondary School at a contract sum of Kshs.12,228,574. However, contract documents such as the project proposal from Project Management Committee, budgets, bills of quantities, work plans, progress reports and site meeting minutes were not provided for audit. Further, the contractor was paid Kshs.6,301,254 or 52% of the contract sum for unspecified certificate of works completed. In addition, audit inspection undertaken on 22 January, 2020 revealed that the floor had cracks and the project was not labeled. In the circumstance, it was not possible to confirm that value for money was obtained from the expenditure on the projects as required under Section 149(2)(m) of the Public Finance Management Act, 2012.

Management Response

276. Management clarified that the documents have since been traced and a attached for audit verification. This included the project proposal from Project Management Committee, budgets, bills of quantities, work plans, progress reports and site meeting minutes. Regarding the payment of Kshs. 6,301,254 representing 52% of the contract sum, Management confirms that the payment was made based on works completed and certified by the project supervising officer. The relevant certificates of works completed have since been retrieved and are attached for audit review. Further, Management acknowledged the issues noted during the audit inspection undertaken on 22 January 2020, where cracks were observed on the floor and the project had not been labeled. The contractor has since been notified and directed to rectify the defects and ensure that the project is properly labeled in accordance with NG-CDF requirements. Payment vouchers and other related documents were provided during the audit.

Committee Observation

277. The Committee observed that the matter was adequately addressed and resolved.

3.4.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Unsupported Expenditure - Sports Projects

278. The statement of receipts and payments reflects other grants and other payments of Kshs. 69,178,119 out of which Kshs. 1,662,000 was spent on sport projects as disclosed at Note 7 to the financial statements. However, no evidence was provided that the sports equipment procured were inspected and on how the items bought were distributed. The accuracy and validity of the expenditure of Kshs.1,662,000 on sports project could not be confirmed.

Management Response

279. Management confirmed that the sports equipment procured were inspected upon delivery and subsequently distributed to the beneficiary institutions within the constituency. The inspection reports and distribution schedules were attached for audit review.

Committee Observation

280. The Committee observed that the matter was adequately addressed and resolved.

b) Training

281. The Statement of receipts and payments reflects expenditure of kshs. 7,420,205 on use of goods and services out of which Kshs. 2,000,000 was spent on training during the year under review. However, supporting documents in support of expenditure was not provided. The accuracy and validity of the expenditure of Kshs.2,000,000 on training could not be confirmed.

Management Response

282. Management stated that the training activities were undertaken during the year under review as planned to enhance the capacity of the Fund's stakeholders and staff in project management and implementation. The relevant supporting documentation including payment vouchers, training schedules, attendance registers and training reports has since been compiled and properly filed.

Committee Observation

283. The Committee observed that the matter was adequately addressed and resolved.

c) Cash and Cash Equivalents

284. The statement of assets and liabilities reflects a bank balance of Kshs. 39,774,517. However, examination of cash book and bank reconciliation statements revealed that cheques amounting to Kshs. 7,804,002 had not been presented for payment by the recipients and Kshs. 860,000 of the unpresented bursary cheques were already stale as at 30 June 2020. The accuracy of the reported bank balance of Kshs.39,774,517 as at 30 June 2020 could not be confirmed.

Management Response

285. The stale cheques were reversed in the cash book and the bank reconciliation statement was updated to reflect the accurate cash and cash equivalents balance. Management has also confirmed that the cheques which were not presented to the bank by close of financial year have been presented as evidence by the bank statement.

Committee Observation

286. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Bursary Payments

287. The statement of receipts and payments reflects other grants and transfers of Kshs.69,178,119 which as disclosed at Note 7 to the financial statements included bursaries of Kshs.24,703,000 and Kshs.20,000,000 to secondary schools and tertiary institutions respectively, both totaling to Kshs.44,703,000. However, payment of bursaries amounting to Kshs.11,299,000 were not supported with relevant documents such as payment vouchers, bursary applications register maintained to show the names of the applicants, their identification details, location of domicile and schools and acknowledgements from the respective colleges and schools.

Management Response

288. Management confirmed that the bursary payments were made to eligible students as planned. The supporting documentation including payment vouchers, bursary application register showing the names of applicants, identification details, location of domicile, schools or colleges, and acknowledgements of receipt from the respective institutions have now been compiled and properly filed.

Committee Observation

289. The Committee observed that the matter was adequately addressed and resolved.

e) Budgetary Control and Performance

290. The summary statement of appropriation - recurrent and development combined reflects a final receipts budget and actual receipts on comparable basis of Kshs. 235,756,397 and Kshs. 166,388,673 respectively, resulting into an under-funding of Kshs. 69,367,724 or 29% of the budget. Similarly, the Fund expended Kshs.126,614,156 against an approved budget of Kshs.235,756,397 resulting into an under-expenditure of Kshs.109,142,241 or 46% of the budget.

Management Response

291. Management clarified that the underfunding was primarily due to delays in the release of funds from the National Government Constituencies Development Fund Board. The delayed disbursement affected the timely implementation of planned projects within the financial year, resulting in temporary under-absorption of the approved budget. However, the funds were subsequently released, and the affected projects were implemented thereafter.

Committee Observation

292. The Committee observed that the matter was adequately addressed and resolved.

f) Chairman's Report

293. The Forward by the Chairman at page 6 of the annual report, reflects Kshs.68,000,000 as the amount received from the National Government Constituencies Development Fund Board during the financial year 2019/2020. However, the statement of receipts and payments reflects receipts of Kshs.130,640,876 from the Board hence resulting into a material inconsistency between the Forward by the Chairman and the financial statements.

Management Response

294. The discrepancy between the amount of Kshs. 68,000,000 reflected in the Chairman's Forward and the receipts of Kshs. 130,640,876 shown in the Statement of Receipts and Payments arose due to a typographical error during the preparation of the Chairman's Forward. In preparing the Chairman's report, management ensured it reflected the accurate amount received from the National Government Constituencies Development Fund Board during the financial year 2020/2021.

Committee Observation

295. The Committee observed that the matter was adequately addressed and resolved.

g) Poor Workmanship and other anomalies in the projects

296. James Gichuru Primary School -- Construction of a storey Block of 4 no. Classrooms at a contract sum of Kshs. 8,000,000. Anomalies noted: Progress of works report not provided, poor workmanship on roofing and painting works, outside wall was already chipping off despite the project being incomplete, black board not as per standards and the upper classes windows were not as per the Ministry of Education guidelines.

297. Wangu Primary School -- Construction of a storey Block of 4 no. Classrooms at a contract sum of Kshs. 8,000,000. Anomalies noted: Progress of works report not provided, poor workmanship on roofing and painting works, outside wall was already chipping off despite the project being incomplete, black board not as per standards and the upper classes windows were not as per the Ministry of Education guidelines.

298. Ronald Ngala Primary School -- Construction of a storey Block of 4 no. Classrooms at a contract sum of Kshs. 8,000,000. Anomalies noted: Progress of works report not provided, poor workmanship on roofing and painting works, outside wall was already chipping off despite the project being incomplete, black board not as per standards and the upper classes windows were not as per the Ministry of Education guidelines.

299. Kariobangi Police Station -- Construction of a perimeter wall, Gate house at a contract sum of Kshs. 6,500,000. Anomalies noted: Progress of works report not provided: no works was

ongoing; the gatehouse was poorly done; there were cracks on the wall, the paint works on the gate house and washrooms was already peeling off showing they were poorly done, there was poor workmanship, the floor was slabbed and tiled as per bill of quantities and the ceiling not painted.

300. Kariobangi North Primary School -- Construction demolition and reconstruction of a perimeter wall, ground drainage works and installation of concrete slabs. Kshs. 15,000,000. Anomalies noted: Progress of works reports not provided; no works were ongoing; the drainage works had not been done as per the bill of quantities, the gate house was incomplete and stalled, the perimeter wall was not as per program of works; the works were to cover approximately 6 while only 500m was done and the project is not complete though the contractor has been fully paid even for works not done.

301. Sharp Corner Administration Police Line -- Proposed Renovation of 8 houses 3,800,000. Anomalies noted: Progresses of works report not provided, no works were ongoing. In addition, there was poor workmanship.

Management Response

302. James Gichuru Primary School -- Construction of 4-Classroom Storey Block: Management confirms that the project experienced supervision delays, which contributed to poor roofing, painting, and external wall finishing, as well as non-compliance of blackboards and upper-class windows with Ministry of Education guidelines. The contractor was notified, and rectification works were done to ensure compliance with required standards.

303. Wangu Primary School -- Construction of 4-Classroom Storey Block: Poor workmanship was noted in roofing, painting, wall finishing, and non-standard blackboards and windows. The contractor has been directed to undertake corrective measures, and the project is per PMC specifications.

304. Ronald Ngala Primary School -- Construction of 4-Classroom Storey Block: The anomalies noted, including poor workmanship on roofing, painting, external walls, blackboards, and windows, are being addressed through supervision and corrective works by the contractor. Progress reports and updated project documentation have now been compiled.

305. Kariobangi Police Station -- Perimeter Wall and Gatehouse: Management acknowledges that works were stalled and progress reports were unavailable. Cracks, peeling paint, poor gatehouse construction, and unfinished ceiling were observed. The contractor was issued with rectification instructions, and the project complied with the Bill of Quantities.

306. Kariobangi North Primary School -- Demolition and Reconstruction of Perimeter Wall, Drainage, and Concrete Slabs: Management confirms that the project was incomplete despite full payment to the contractor. Drainage works, gatehouse, and perimeter wall were not completed as per the program of works. The contractor was instructed to complete pending works, and management instituted closer supervision and progress reporting for project completion.

307. Sharp Corner Administration Police Line -- Renovation of 8 Houses: Management acknowledges poor workmanship and stalled works. Management communicated corrective measures to the contractor to ensure completion in accordance with the contract specifications.

Committee Observation

308. The Committee observed that the matter was adequately addressed and resolved.

h) Unconfirmed Existence and Ownership of School Buses

309. The Fund purchased school buses for Ushirika and Dandora Secondary Schools at a cost of Kshs.8 million each. However, although the buses had been fully paid for by November, 2020, the ownership documents were not provided for audit. Further, the buses were not presented for physical verification.

Management Response

310. The ownership documents, including logbooks and registration certificates, have since been obtained and are attached for audit verification. The bus was physically presented for inspection and verification by the audit team.

Committee Observation

311. The Committee observed that the matter was adequately addressed and resolved.

3.4.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Inaccuracies in the Financial Statements

312. The statement of receipts and payments reflects total receipts amount of Kshs.146,906,724, comprising of Kshs.146,867,724 in respect of transfers from the National Government Constituencies Development Fund (NG-CDF) Board and Kshs.39,000 is in respect of other receipts. Review of the disbursements records from the NG-CDF Board revealed that total disbursements during the year under review amounted to Kshs.153,867,724, resulting to an unreconciled variance of Kshs.7,000,000. In the circumstances, the accuracy of receipts of Kshs.146,906,724 in respect of transfers from NG-CDF Board could not be confirmed.

Management Response

313. Management confirmed that the actual money received from the Board was Kshs. 146,867,724.

Committee Observation

314. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Committee Allowances

315. The statement of receipts and payments reflects an expenditure of Kshs.7,868,331 in respect of use of goods and services which as disclosed in Note 5 to the financial statements includes payments amounting to Kshs.2,891,000 in respect to committee allowances. However, the Fund paid an amount of Kshs.440,000 as allowances during bursary registration and vetting exercise without the necessary supporting documents. In the circumstances, the validity of the expenditure of Kshs.440,000 included in committee allowances could not be confirmed.

Management Response

316. Management clarified that it has since traced the documents and attached them for audit verification.

Committee Observation

317. The Committee observed that the matter was adequately addressed and resolved.

c) Misclassification of Expenditure

318. The statement of receipts and payments reflects an amount of Kshs.31,420,386 in respect of transfers to other government units. The amount includes Kshs.19,425,146 transferred to Projects Management Committees in primary schools. However, review of supporting ledger and respective payment vouchers revealed that payments totaling Kshs.4,847,354 were related to other grants and other payments. In the circumstances, the accuracy and completeness of transfers to other government unit amounting to Kshs.19,425,146 could not be confirmed.

Management Response

319. Management clarified that the variance arose from classification errors during preparation of the financial statements and supporting schedules. However, the misclassification did not affect the overall accuracy of total expenditure reported for the year. Management has noted the observation and implemented measures to strengthen reviews to ensure correct classification of expenditures in line with the applicable chart of accounts.

Committee Observation

320. The Committee observed that the matter was adequately addressed and resolved.

d) Un-Disclosed Expenditure on Environment Projects

321. The statement of receipts and payments reflects an amount of Kshs.51,053,626 in respect to other grants and transfers which as disclosed in Note 7 to the financial statements include a Nil balance in respect to expenditure on environment projects. Review of documents revealed that the Fund transferred Kshs.2,747,354 and Kshs.2,100,000 for implementation of two (2) environment projects at Kariobangi North Primary School. However, the transfer was not disclosed in the financial statements under environmental projects. In the circumstances, the accuracy and completeness of Kshs.51,053,626 in respect of other grants and transfers could not be confirmed.

Management Response

322. Management clarified that the said expenditure was not related to environment projects. The transfers made to Kariobangi North Primary School were approved and executed under "transfers to other government units," in line with the approved budget and code list. The variance therefore arose from classification differences rather than omission of expenditure. Management confirmed that the amounts were duly recorded in the financial statements under the appropriate vote. Management provided supporting documentation, including the approved code list, for audit verification.

Committee Observation

323. The Committee observed that the matter was adequately addressed and resolved.

e) Unsupported Security Projects Payments

324. The statement of receipts and payments reflects other grants and other payments amount of Kshs.51,053,626 which, as disclosed in Note 7 to the financial statements, includes an amount of Kshs.13,551,272 in respect of security projects. However, no documentary evidence was

provided to support the expenditure. In the circumstances, the accuracy security projects could not be confirmed.

Management Response

325. The management clarified that Kshs.13,551,272 was for security projects for FY 2019/2020 whose implementation in the year under review have been fully supported as evidenced by copies of payment vouchers.

Committee Observation

326. The Committee observed that the matter was adequately addressed and resolved.

f) Understated Cash and Cash Equivalents

327. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.94,074,258 as disclosed in Note 10 to the financial statements. The bank reconciliation statement in support of the cash and cash equivalent balance for June, 2021 reflected unpresented cheques totaling Kshs.31,987,178 which included stale cheques amounting to Kshs.111,324 hence, understating the cash and cash equivalents by the same amount. In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.94,074,258 could not be confirmed.

Management Response

328. The Management clarified that the amount stated as stale cheques of Kshs.111,324 had been received back in the cash book before the close of the year.

Committee Observation

329. The Committee observed that the matter was adequately addressed and resolved.

g) Irregularities in Procurement of Goods and Services

Irregular Procurement of Hotel Services

330. The statement of receipts and payments reflects an expenditure of Kshs.7,868,331 in respect to use of goods and services. Included in the amounts Kshs.816,000 paid to a consultant for provision of conference facility. However, the services were sourced through direct procurement for the services. Further, the Fund paid an amount of Kshs.171,000 to a hotel for provision of conference services. However, the hotel was not in the prequalified list of suppliers contrary to Section 106(2)(a) of the Public Procurement and Asset Disposal Act, 2015 which provides that the accounting officer of a procuring entity shall give the request to such persons as are registered by the procuring entity. In the circumstances, Management was in breach of the law.

Management Response

331. Management clarified that it issued requests for quotations to prequalified suppliers in accordance with procurement procedures. Management has provided the prequalified supplier list to the auditors for verification. Management further noted the concerns raised regarding the use of direct procurement and engagement of a hotel not initially identified in the prequalified list. Measures have since been put in place to ensure strict adherence to the Public Procurement and Asset Disposal Act, 2015, particularly regarding sourcing services from duly prequalified suppliers and proper documentation of procurement processes.

Committee Observation

332. The Committee observed that the matter was adequately addressed and resolved.

h) Irregular Procurement of Office Stationery

333. The statement of receipts and payments reflects an expenditure of Kshs.7,868,331 which as disclosed in Note 5 to the financial statements includes Kshs.392,640 in respect of printing, advertising and information supplies & services out of which Kshs.214,600 was incurred to procure office stationery through request for quotations. However, the quotation opening register was signed by two (2) members of the quotation opening committee instead of three. In addition, the same members of the tender opening committee evaluated the quotations contrary to Section 78(1)(b) which provides that at least one of the members of the tender opening committee shall not be directly involved in the processing or evaluation of the tenders. Further, letters of award and regrets were sent out on the same day, the winning bidder accepted the letter of offer while the award of the tender was not supported by a professional opinion as required under Section 84 of the Public Procurement and assets Disposal Act, 2015. In the circumstances, Management was in breach of the law.

Management Response

334. Management acknowledged an oversight by the mentioned members. They hereby clarify that they were not aware of the provision in the Act, but through training and capacity building they have familiarised themselves with the provision and have ensured all procurement provisions are adhered to as required, thus ensuring no repeat in the subsequent year.

Committee Observation

335. The Committee observed that the matter was adequately addressed and resolved.

i) Irregular Use of Direct Procurement Method

336. Included in the use of goods and services expenditure of Kshs.7,868,331 is a payment to a supplier in respect of office computer repairs and antivirus installation of Kshs.209,786. However, the Fund used direct procurement in sourcing the services. In addition, the expenditure was not supported by a certificate of inspection and acceptance as required under regulation 35(6) of the Public Procurement and Asset Disposal Regulations, 2020 which provides that Pursuant to section 48(4) of the Act, the inspection and acceptance committee shall prepare and issue a report, interim or completion of inspection and acceptance certificate and submit to the head of procurement function. In the circumstances, Management was in breach of the law.

Management Response

337. Management clarified that they used a pre-qualified supplier to provide services under the category of supply, repair, and maintenance of computers and office equipment. Further, the inspection and acceptance committee inspected the goods and found them to meet all required standards.

Committee Observation

338. The Committee observed that the matter was adequately addressed and resolved.

j) Poor Project Implementation Performance

339. Review of projects implementation Status report revealed that projects worth Kshs.30,359,500 which commenced during the financial year 2019/2020 were still ongoing while projects worth Kshs.16,247,354 had not started. In addition, inspection of sampled pending projects carried out on 14 April, 2022 revealed that effective measures were not put in place to revive the stalled projects.

Management Response

340. Management confirmed that the projects which had not started and those which were ongoing were completed and are in use.

Committee Observation

341. The Committee observed that the matter was adequately addressed and resolved.

k) Failure to Vet by Bursary Committee

342. During the year under review, the Fund disbursed bursaries amounting to Kshs.34,755,000 to students in secondary schools and tertiary institutions. There was however, no evidence of vetting of applicants by a bursary committee. The amount further includes an amount of Kshs.4,300,000 paid out as bursaries to a driving school and whose beneficiaries included fifteen (15) students who were enrolled twice in different branches of the School. In the circumstances, the validity and regularity of the amount of Kshs.34,755,000 could not be confirmed.

Management Response

343. Management clarified that a duly constituted Bursary Committee was in place and vetted applicants, as evidenced by the attached committee minutes. Regarding the observation on fifteen (15) students enrolled in the driving school programme, Management confirmed that the beneficiaries were enrolled in different training levels (Level 1 and Level 2) and related complementary courses, including computer packages, offered across different branches of the institution. This caused them to appear more than once in the records.

Committee Observation

344. The Committee observed that the matter was adequately addressed and resolved.

3.4.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Presentation and Disclosure of the Financial Statements

345. Review of the annual report and financial statements revealed that the chairlady's report does not include details of key achievement for the fund, list of emerging issue related to the Fund and implementation challenges and a recommendation of the way forward as per the reporting format issued by the Public Sector Accounting Standards Board. In addition, Note 4 to the financial statements on compensation of employees does not disclose information on house and transport allowances as required in the reporting format. These omissions are contrary to section 81(3) of the Public Finance Management Act, 2012, which requires officer of a National Government entity to prepare financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time. Further note 17.2 reflects pending staff payables amount of Kshs347,200 which was owed to one (1) staff member as gratuity. However, audit review revealed that

there were additional four (4) staff members owed amounts totaling to Kshs.1,306,030 in gratuity. In the circumstances, Management was in breach of the law. Also, the accuracy and completeness of the pending staff payables amount of Kshs.347,200 could not be confirmed.

Management Response

346. Management clarified that tthe observations regarding the Chairlady's report, disclosure of employee compensation, and pending staff payables. Chairlady's Report: Management acknowledged that the key item the auditor observed was not included. The Chairlady's report has since been revised to include Key achievements of the Fund during the year, emerging issues affecting Fund performance, implementation challenges encountered, and recommendations and the proposed way forward in the subsequent financial statement.

347. Note 4 -- Compensation of Employees: Management acknowledges that Note 4 to the financial statements did not disclose information on house and transport allowances as required. Management noted the omission and ensured it was disclosed in subsequent financial statements, in compliance with PSASB reporting standards and Section 81(3) of the Public Finance Management Act, 2012.

348. Note 17.2 -- Pending Staff Payables: Management has since updated the records and financial statements to reflect the complete pending staff payables. Payment arrangements for the identified gratuity balances are ongoing.

Committee Observation

349. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracies in the Financial Statements

350. The statements of receipts and payments reflect compensation of employee's amount of Kshs.3,572,830, while analysis of the payment vouchers revealed a total amount of Kshs.3,230,460 resulting in an explained variance of Kshs.342,370. Similarly, the statement of receipts and payments reflects other grants and transfers amount of Kshs.62,911,548 which, as disclosed in Note 7 to the financial statements, includes expenditure on sports projects of Ksh.3,486,548. However, analysis of payment vouchers relating to sports projects revealed total amount of Kshs.3,700,000 resulting to an unexplained variance of Kshs.213,452. In the circumstances, the accuracy of the Fund's financial statements could not be confirmed.

Management Response

351. Regarding employee compensation, the difference of Kshs.342,370 between the reported amount of Kshs.3,572,830 and the payment vouchers totalling Kshs.3,230,460 was explained by vouchers availed to the auditor. Similarly, the variance of Kshs.213,452 between the sports projects expenditure reflected in Note 7 (Kshs.3,486,548) and the payment vouchers totalling Kshs.3,700,000 arose due to misclassification of certain payments during the preparation of the notes to the financial statements.

Committee Observation

352. The Committee observed that the matter was adequately addressed and resolved.

c) Irregular Allowances

353. The statement of receipts and payments reflects use of goods and services expenditure of Kshs.11,940,687 which, as disclosed in Note 5 to the financial statements, includes committee

allowances amount of Kshs.1,631,952 out of which allowances totaling to Kshs.1,328,000 were paid to committee members, bursary clerks and training officers. However, the relevant payment documents in support of the allowances were not provided for audit. In the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.1,328,000 could not be confirmed.

Management Response

354. Management clarified that the delay in providing supporting documents relating to committee allowances amounting to Kshs.1,328,000 paid to committee members, bursary clerks, and training officers was due to delays in retrieving the relevant payment records from the records office at the time of the audit. The documents have since been traced and attached for audit verification. Management confirms that the allowances were paid for legitimate activities undertaken by the committee members and officers in the execution of their duties. The relevant supporting documentation, including payment vouchers, attendance registers, approval minutes, and schedules of allowances paid, have since been compiled and properly filed.

Committee Observation

355. The Committee observed that the matter was adequately addressed and resolved.

d) Other Grants and Transfers

Anomalies in the Bursary Disbursements

356. The balance of Kshs.62,911,548 includes an amount of Kshs.46,465,000 transferred to the secondary schools and Kshs.12,960,000 transferred to tertiary institutions as bursaries for the needy students, totaling to Kshs.59,425,000. However, examination of payment vouchers provided for audit revealed bursary awards amounting to Kshs.58,820,000 resulting in an unexplained variance of Kshs.605,000. Further, included in the amount of Kshs.46,465,000 disbursed to secondary schools is a payment of Kshs.34,000,000 whose supporting schedules of the schools and beneficiaries were not provided for audit. In addition, review of records provided for audit revealed that none of the bursary beneficiaries could be traced to an application form submitted for funding. Finally, the bursaries amount of Kshs.59,425,000 represents 53% of the total transfers from the NG-CDF Board, which is 18% above the allowable limit of 35%. The anomaly was not explained. In the circumstances, the accuracy, completeness and authenticity of the bursary disbursements of Kshs.59,425,000 could not be confirmed.

Management Response

357. Regarding the payment of Kshs.34,000,000, Management confirmed that the schedules were not readily available during the audit due to delays in retrieving records from the bursary files. The schedules have since been traced and attached for audit verification. On the observation that bursary disbursements amounted to 53% of the total transfers from the NG-CDF Board, Management clarified that an opening balance from the previous year resulted in an 18% excess over the normal limit.

Committee Observation

358. The Committee observed that the matter was adequately addressed and resolved.

e) Irregular Expenditure on Sports

359. The balance of Kshs.62,911,548 includes an amount of Kshs.3,486,548 in respect of sports projects. However, Management transferred the amount to undisclosed Project Management (PMC) account. Further, it was observed that the Constituency Development Fund Committee (CDFC) converted itself into a PMC as evidenced by the minutes of the meeting held on 27th July 2020, Contrary to the provisions of Regulation 15(6) of the National Government Constituencies Development Fund Regulation, 2016. In addition, there was no evidence of appointment of the members to the PMC, and minutes indicating signatories of the bank accounts were not presented for audit. Also, the payment voucher through which the funds were transferred was not supported by the supplier details, inspection and acceptance certificate, Counter Receipt voucher(S13), delivery notes or the invoices and the distribution schedules for the uniforms, balls and the game kits. The project file was also not provided for audit. In the circumstances, the accuracy, completeness and validity of the sports project's expenditure of Kshs.3,486,548 could not be confirmed. Also, Management was in breach of the law.

Management Response

360. Management clarified that the amount of Kshs.3,486,548 allocated for sports projects was intended to support sporting activities and procurement of sports equipment for institutions within the constituency. The transfer of funds to the Project Management Committee (PMC) account was undertaken to ensure uniformity and conformity with the specifications of items to be procured, which PMC could not handle as it required close supervision. Further, the supporting documents relating to the procurement and distribution of sports items, including payment vouchers, supplier details, inspection and acceptance certificates, counter receipt vouchers (S13), delivery notes, invoices and distribution schedules have since been compiled and properly filed.

Committee Observation

361. The Committee observed that the matter was adequately addressed and resolved.

f) Stale Cheques

362. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.103,563,772 as at 30th June 2022. Examination of the bank reconciliation statement in support of the balance revealed unpresented cheques totaling to Kshs.17,494,555 which includes stale cheques amounting to Kshs.723,000. However, Management did not provide evidence and details of when the unpresented cheques were cleared and reason for failure to reverse the stale cheques in the cash book. In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.103,563,772 could not be confirmed.

Management Response

363. Management clarified that unpresented cheques amounting to Kshs.17,494,555, including stale cheques totalling Kshs.723,000, had not been reversed in the cash book as at 30 June 2022 due to delays in reconciling and reviewing outstanding cheques at the time of preparing the financial statements. Management has since reviewed the bank reconciliation statements and confirmed the status of the unpresented cheques. The stale cheques amounting to Kshs. 723,000 have been reversed in the cash book, and follow-up has been undertaken to confirm whether the remaining unpresented cheques were subsequently cleared or require reversal.

Committee Observation

364. The Committee observed that the matter was adequately addressed and resolved.

g) Failure to Provide Project Files

365. The statement of receipts and payments reflects transfers to other government entities balance of Kshs.24,290,300. However, field verification carried out in March, 2023 revealed that the cost of construction of Ushirika Secondary School project was Kshs.1,440,000. Further Dandora 1 primary school project relating to the construction of two classrooms had stalled and the reason for the stalling was not provided. In addition, the project files for the two projects were not provided for the audit. In the circumstances, it was not possible to confirm that there was proper use of funds on the stalled project. In addition, Management was in breach of the law.

Management Response

366. Management clarified that the delay in providing the project files for Ushirika Secondary School projects was due to challenges in retrieving the files from the records office at the time of the audit. The project files have since been traced and are now attached for audit verification. Regarding the Ushirika Secondary School project with a construction cost of Kshs.1,440,000, Management confirms that the project was implemented as approved and the supporting documentation has now been made available.

Committee Observation

367. The Committee observed that the matter was adequately addressed and resolved.

h) Undisclosed Project Management Committee Bank Account Balance

368. Annex 5 to the financial statements reflects Project Management Committee bank balances totaling to Kshs.41,673,181. However, a balance of Kshs.5,000,000 belonging to PMC of Kariobangi North Girls Secondary School was not included in Annex 5 and the certificate of account balance as at 30 June, 2022 was not provided for audit. In the circumstance, the accuracy of the Project Management Committee bank balances of Kshs.41,673,181 could not be confirmed.

Management Response

369. The omission of the Project Management Committee (PMC) bank account balance of Kshs.5,000,000 relating to Kariobangi North Girls Secondary School was omitted from the financial statements due to an oversight during preparation. Management has since reviewed the financial statements and included the PMC bank balance in the revised template.

Committee Observation

370. The Committee observed that the matter was adequately addressed and resolved.

i) Unsupported Transfer to other Government Entities

371. The statement of receipts and payments reflects transfers to other Government units balance of kshs.24,290,300. Review of records relating to the balance revealed that the funds were disbursed to the Project Management Committee on the respective dates, as analysed below:

Table 12: Embakasi North Constituency, FY 2021/2022 – Unsupported Transfer to other Government Entities

PMC	Date issued	Amount Kshs.
Dandora Secondary School	28.10.2021	8,000,000
James Gichuru Secondary School	28.10.2021	8,500,000
Tom Mboya Primary School	8.09.2021	1,290,000
Ushirika Primary Schoool	8.09.2021	1,500,000
Kariobangi North Girls Secondary	11.02.2022	5,000,000
Total		**24,290,000**

372. However, with the exception of Tom Mboya primary school, where funds were used for the completion of the wall, no projects had been implemented in other schools by the end of the year and no explanation was provided for channeling the funds to the Project Management Committees of those other schools. In addition, minutes from the PMCs of these projects were not provided for audit. In the circumstances, the accuracy and completeness of transfers to other government units amount of Kshs.24,290,300.00 and the existence of the projects funded cold not be confirmed.

Management Response

373. Management confirmed that while the funds had been disbursed during the year under review, some of the projects had not commenced by the end of the financial year due to delays in procurement processes and administrative arrangements within the beneficiary institutions. Regarding the absence of PMC minutes and other supporting documentation at the time of audit, Management clarified that the documents were not readily available because the project files had not yet been retrieved from the respective institutions. The documents have since been obtained and are attached for audit verification.

Committee Observation

374. The Committee observed that the matter was adequately addressed and resolved.

j) Unsupported Expenditure on Public Participation

375. Review of the records provided for audit revealed that payments totaling to Kshs.415,000 were made to residents who attended public participation events in various wards of the constituency. However, audit review of the documents revealed that all the names listed as residents belonged to underage bursary applicants, and the telephone contacts listed were their parents/guardians. Further, there were no invitations, agenda or reports of the outcome of the events or any other evidence that the events actually took place as alleged. In the circumstances, the accuracy, completeness and propriety of the public participation expenditure of kshs.415,000 could not be confirmed.

Management Response

376. Management clarified that the names appearing in the attendance lists were for. The telephone contacts reflected belonged to parents or guardians since most beneficiaries were students whose applications were handled through their guardians. Regarding the absence of invitations, agenda and reports at the time of audit, Management confirms that the documents were not readily available during the audit exercise due to filing and retrieval challenges.

Management has since compiled the relevant documentation and retained it in the constituency records.

Committee Observation

377. The Committee observed that the matter was adequately addressed and resolved.

k) Budgetary Control and Performance (Other Matter)

378. The summary statement of appropriation reflects final expenditure budget and actual on comparable basis amounts of Kshs.302,868,015 and Kshs.102,715,365 respectively resulting in an under expenditure of Kshs.200,152,650 (or 66% of the budget). The under expenditure affected planned activities and may have had negative impact on service delivery to the residents of Embakasi North Constituency.

Management Response

379. Management acknowledged that the summary statement of appropriation reflects a final budget of Kshs.302,868,015 and actual expenditure of Kshs.102,715,365, resulting in an under-expenditure of Kshs.200,152,650 (66% of the budget). The under-expenditure was primarily due to delays in the board's release of funds, which affected timely disbursement and utilisation. Some planned activities could not commence as scheduled. The funds were eventually released, and the projects were executed.

Committee Observation

380. The Committee observed that the matter was adequately addressed and resolved.

l) Unutilized Funds (Other Matter)

381. Annex 3 to the financial statements reflects unutilized funds amount of Kshs.200,152,650. No explanation was provided on the increase of unutilized funds and recurring situation over the years. In the circumstances, it was not possible to ascertain whether the Fund's budget was realistic and whether the fund has the capacity to implement the overlapping projects.

Management Response

382. Management clarified that the unutilized funds amounting to Kshs.200,152,650 reflected in the financial statements arose mainly due to delays in the release of funds. The increase in unutilized funds compared to prior years is attributed to overlapping projects carried forward from the previous financial periods and delays in disbursement to Project Management Committees (PMCs) for timely execution. However, funds were later released and utilized.

Committee Observation

383. The Committee observed that the matter was adequately addressed and resolved.

m) Unimplemented Project (Other Matter)

384. The National Government Constituencies Development Fund Board approved fifteen (15) projects with a total budget of Kshs.23,741,778 through an approved code list for the year under review. However, physical verifications revealed that no project was undertaken in the year under review. No explanation was provided for failure to implement the project and where unutilized funds were. Failure to implement approved projects had a negative impact on delivery of services to the people of Embakasi North Constituency.

Management Response

385. Management clarified that the fifteen (15) projects with a total approved budget of Kshs.23,741,778 were included in the approved code list issued by the National Government Constituencies Development Fund Board for the financial year under review. However, project implementation did not commence during the year due to delays in fund disbursement from the Board and late approval of the code list, which affected the timely initiation of procurement processes.

Committee Observation

386. The Committee observed that the matter was adequately addressed and resolved.

n) Unutilized Social Security Project Allocation (Other Matter)

387. Review of the approved projects for implementation for the year under review revealed that the Board approved social security project valued at Kshs.5,010,000 in respect of payment of NHIF for the elderly and vulnerable citizens within the constituency. However as at 30 June, 2022, the management had not commenced implementation of the project. In the absence of timely implementation of the project, the elderly and vulnerable people in the constituency may not receive the critical social security benefits.

Management Response

388. Implementation of the project had not commenced as at 30 June, 2022, due to delays in identifying and verifying eligible beneficiaries, as well as the need to liaise with relevant agencies to ensure proper enrolment under the NHIF programme. Management confirmed that it has since identified and verified elderly and vulnerable beneficiaries in collaboration with relevant stakeholders to ensure that only eligible beneficiaries benefit from the programme. The project has been implemented.

Committee Observation

389. The Committee observed that the matter was adequately addressed and resolved.

o) Irregular Alteration of the Tender Document (Other Matter)

390. The statement of receipts and payments for the year under review indicates that the Fund did not spend any amounts towards implementation of security projects, although an amount of Kshs.18,023,259 was allocated for the project. However, evidence provided that there was an undertaking to construct Assistant County Commissioner's (ACC) office in Dandora Phase 3. The project which was initiated in the 2019/2020 financial year and contracted at a cost of Kshs.9,746,270, was not complete by the time of the audit. By 21 February, 2022, the contractor had been paid a total of Kshs.8,289,885 with only Kshs.486,528 unpaid yet the building was only 50% complete. Further, the project was not included in the codelist for the 2021/2022 financial year.

391. In addition, audit inspection revealed that the project was abandoned with incomplete building structure, and there was no contractor on site. In addition, review of records provided revealed that the proposed construction of a 1 storey administration block to host ACC's office, Chief's office, OCS and Deputy's Office, boardroom with other 5 line ministry department offices at Dandora Phase 3 had a contract quoted amount of Kshs.9,746,270. However, this varied with the amount awarded of Kshs.9,751,570 reflected in minutes of the meeting in which the decision of the award was made. Further, the latest amendment of the contract price to

Kshs.11,311,821 was done on March, 2023 through a letter from the Fund Account Manager to the contractor. However, the complete project file containing bid documents and the contract was not provided for audit. In the circumstances, the contract award may have been irregular and the Fund may have lost funds.

Management Response

392. Management confirmed that as at the time of audit, the contractor had been paid Kshs.8,289,885 based on interim certificates issued for works completed, while the balance remained unpaid pending completion of the remaining works. The slow progress and temporary stoppage of works resulted from contractor-related challenges and delays in securing additional approvals to continue the project. The project is complete and in use.

Committee Observation

393. The Committee observed that the matter was adequately addressed and resolved.

3.4.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Unsupported Prior Year Adjustments

394. Statement of Assets and Liabilities and Statement of Cash flows for the year ended 30 June 2023 reflects prior year adjustment of Kshs.1,776,338 which has been indicated as bank account balances in Note 16 of the financial statements. Disclosure and explanation of the adjustment was not provided by the NGCDF. In the circumstances, the accuracy and completeness of prior year adjustments balance of Kshs.1,776,338 could not be confirmed.

Management Response

395. The amount was gratuity, bursary and commissioner of domestic taxes cheques that had been written in June 2022 but later was cancelled and paid in the FY 2022/2023.

Committee Observation

396. The Committee observed that the matter was adequately addressed and resolved.

b) Irregularities in the Bursary Disbursements

397. Included in the other grants and transfers balance of Kshs.67,407,000 under Note 8 to the financial statements is Kshs.62,870,000 transferred to secondary schools and tertiary institutions as bursaries for needy students. An examination of the supporting documents provided for audit revealed the following anomalies; i) The data provided did not have students' admission numbers which is the unique identifier for each student. ii) There was no evidence that vetting of the application forms was done as the forms had no evidence of vetting by Education Bursary Committee.

Management Response

398. Management noted that the data provided did not include students' admission numbers, which serve as unique identifiers. This arose because the summary schedule initially provided to the audit team contained only the names of the beneficiaries, schools and amounts awarded. The detailed beneficiary records containing the students' admission numbers and other particulars are maintained in the bursary application files and have since been availed for audit verification. Further, Management confirmed that the Constituency Education Bursary Committee vetted all bursary applications before approving and disbursing the funds.

Committee Observation

399. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Expenditure for Social Security Programmes

400. Note 7 of the Financial Statements includes an expenditure of Kshs.3,912,000 that relates to social security programmes which were used to pay for Embakasi North Constituency Residents National Health Insurance Fund (NHIF) for the elderly, vulnerable, sickly, persons living with disability and those with pre-existing medical conditions as per the documents provided. However, list of the beneficiaries did not include the NHIF numbers, there was no evidence of beneficiary vetting and payment acknowledgement notes/receipts from NHIF were not availed for audit review. In the circumstances, the propriety and accountability social security programmes expenditure of Kshs.3,912,000 could not be confirmed.

Management Response

401. This arose because the summary schedule initially presented to the audit team did not include the complete beneficiary details and supporting documentation. Management confirms that the beneficiaries were identified and vetted through the relevant constituency committees before enrolment into the NHIF programme. The detailed list of beneficiaries, including NHIF numbers, together with evidence of vetting and confirmation of payment to NHIF, has since been compiled and attached for audit verification.

Committee Observation

402. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Expenditure on Committee Expenses

403. Notes 5 to the financial statements reflects Committee expenses amounting Kshs.7,298,039 out of which the amount of Kshs.6,335,269 was incurred on Other Committee Expenses which was not supported with requisite documents like minutes and approval, requisition of the imprest, Imprest warrant, work tickets/bus tickets/air tickets and evidence of procurement of conference facilities. In the circumstances, the authenticity and completeness of expenditure on committee expenses amounting to Kshs.6,335,269 could not be confirmed.

Management Response

404. Management noted that the supporting documentation, including committee minutes, approvals, imprest requisitions, imprest warrants, work tickets, and evidence of procurement of conference facilities, was not provided during the audit review. This arose because some of the supporting documents were not included in the files initially submitted to the audit team at the time of the audit. Management confirmed that the expenditures were duly authorized and incurred during official committee activities, and that the relevant supporting documentation has since been compiled and made available for audit verification.

Committee Observation

405. The Committee observed that the matter was adequately addressed and resolved.

e) Misstatement of the Bank Balance

406. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.70,634,082 as at 30 June, 2023. However, review of bank reconciliation statements revealed unpresented cheques of Kshs.20,787,707 out of which Kshs.633,543.72 were stale

and had not been reversed or replaced hence understating the bank balance. In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.70,634,082 could not be confirmed.

Management Response

407. Management confirmed that the stale cheques have since been identified and the necessary adjustments made through reversal in the cashbook and updated bank reconciliation statements prepared to reflect the correct bank balance.

Committee Observation

408. The Committee observed that the matter was adequately addressed and resolved.

f) Failure to Return Unutilized PMC Bank Balances on Completed Projects

409. Annex 5 to the financial statements shows various bank balances of Project Management Committee as at 30th June 2023, totaling to Kshs.57,889,262. A sample of three projects shows Marura primary school project of construction of wall and renovation of 3 classrooms, Ushirika Secondary construction of wall and proposed renovation of 3 No.classrooms at Tom Mboya primary school are all complete but had PMC account bank balances of Kshs.60,599, kshs.610,621 and Kshs.1,491,635 respectively. No explanation has been given why these monies has not been transferred back to Constituency account. Note 3 to the financial statements on other receipts confirmed that there was no single PMC that returned unutilized funds during the financial year 2022-2023.

Management Response

410. Tom Mboya Primary School Kshs.1,491,635.00 - Funds were meant to ensure renovation works were completed. Ushirika Primary School Kshs. 610,621.00 - Funds were meant for retention to ensure the works were completed. Marura Primary School Kshs. 60,599.00 - Funds were meant for retention to ensure the works were completed.

Committee Observation

411. The Committee observed that the matter was adequately addressed and resolved.

g) Budget and Budgetary Performance

412. The Summary statement of appropriation reflects a final expenditure budget of Kshs.345,248,254 against actual expenditure of Kshs.119,939,690 resulting to budget under absorption Kshs.225,300,563 or approximately 35%. In addition, the Fund budgeted total receipts amounting to Kshs.345,248,254 out of which Kshs.190,571.72 was realized thereby resulting in a deficit of Kshs.154,676,482 or approximately 45% budget performance. Under absorption of budgeted funds and underfunding affected planned activities and may impact negatively on service delivery to the residents of Embakasi North Constituency.

Management Response

413. Management confirmed that the low absorption and receipt shortfall did not arise from mismanagement of funds but resulted from delays in fund transfers, which affected implementation of planned projects and programmes within the financial year. The funds were later released, and projects were later implemented, as evidenced by copies of AIEs and the summary schedule of projects.

Committee Observation

414. The Committee observed that the matter was adequately addressed and resolved.

h) Unutilized Funds

415. Annex 3 to the financial statements reflects unutilized funds amount of Kshs.223,524,903. This figure has increased from 200,152,650 from previous year. No explanation was provided on the increase of unutilized funds and the recurring situation over the years. Under the circumstances, it was not possible to ascertain whether the Fund budget is realistic and whether it has the capacity to implement the overlapping projects.

Management Response

416. Management clarified that the unutilized funds amounting to Kshs.223,524,903 reflected in the financial statements represent funds allocated for projects and programmes but not expended by the end of the financial year. The increase from Kshs.200,152,650 in the previous year arises primarily from delays in fund disbursement from the National Government Constituencies Development Fund Board and delays in approval of project scope. Management confirmed that the funds remain in the Constituency Fund account and in Project Management Committee (PMC) bank accounts while awaiting completion of procurement, approval of revised project scopes, and initiation of implementation activities. The increase in unutilized funds does not indicate mismanagement but reflects timing differences between fund disbursement, project approval, and project implementation.

Committee Observation

417. The Committee observed that the matter was adequately addressed and resolved.

i) Failure to Implement Funded Projects

418. Examination of Project Implementation Status revealed that six (6) projects that were allocated funds for implementation in the year under review through an approved code list amounting to Kshs.46,500,000 had not been implemented by the NGCDF. No explanation has been provided on non-implementation of the projects and why funds were still held in PMC bank accounts. Failure to implement approved projects had a negative impact on delivery of services to the people of Embakasi North Constituency. In the circumstances, Management was in breach of the law.

Management Response

419. Management clarified that six (6) projects allocated a total of Kshs.46,500,000 through the approved code list for implementation in the year under review had been fully executed as evidenced by photos and completion certificates.

Committee Observation

420. The Committee observed that the matter was adequately addressed and resolved.

j) Irregularities in the Procurement of Construction Works

421. The Embakasi North NG-CDF entered into contract with a local contractor for the construction of perimeter wall at Ushirika Day Secondary School on 16 December 2022 at a cost of Kshs.1,494,909.40 vide Tender no. KAS/Q/017/Embakasi. Further, the NGCDF entered into another contract with a local contractor for construction of 225 meters perimeter wall and renovation of 3 No. classrooms at Marura Primary School on 15 December 2022 at

a cost of Kshs.4,485,184.00 vide tender No.KAS/Q/025/Embakasi N/2021-2022. However, audit examination revealed that contractors were notified of the award on 21 December 2021 and on 1 December 2022 respectively which is contrary to requirement of the act that contracts should be signed within fourteen days after notification of tender awards. In addition, the contract completion dates for both contracts were not indicated in the contract agreements. In the circumstances, the management was in breach of law.

Management Response

422. The delay in signing was due to the transition of Fund Account Managers, which delayed signing the contracts. Regarding the omission of contract completion dates in the agreements, Management confirmed that project timelines were communicated to the contractors and incorporated in the project implementation schedules. The omission in the contract document was an oversight during contract preparation.

Committee Observation

423. The Committee observed that the matter was adequately addressed and resolved.

k) Inaccuracies in the Financial Statements

424. Annex 4 to the financial statements reflects summary of fixed assets register cost of Kshs.2,323,065 as at 30 June 2023. However, examination of the asset register shows a balance of Kshs.2,659,485 as at 30 June 2023 resulting to unexplained variance of Kshs.236,420. In the circumstances, the completeness and accuracy of notes to financial statements could not be confirmed.

Management Response

425. Management clarified that the variance of Kshs.236,420 between the fixed assets balance reflected in the financial statements and the balance reflected in the asset register arose from a compilation error during the preparation of the financial statements. Management confirmed that the correct fixed assets balance as at 30 June 2023 is Kshs.2,323,065, as reflected in the updated asset register. Management has since reviewed the financial statements.

Committee Observation

426. The Committee observed that the matter was adequately addressed and resolved.

3.5 Embakasi South Constituency

427. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Embakasi South Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.5.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Unsupported Prior Year Adjustment

428. The statement of assets as at 30 June 2017 and the statement of cash flows for the year then ended reflects unsupported prior year adjustment of Kshs.3,452,061 whose nature and purpose has not been explained. Consequently, the validity of the adjustment cannot be confirmed.

Management Response

429. The prior year adjustments relate to unpresented cheques; the cheques later cleared in the bank.

Committee Observation

430. The Committee observed that the matter was adequately addressed and resolved.

b) Acquisition of Assets

431. The statement of receipts and payments for the year ended 30 June 2017 reflects an expenditure of Kshs.70,998 against acquisition of assets which differs with the total amount of Kshs.919,797 disclosed under Note 8 to the financial statements. The resulting difference of Kshs.848,799 has not been explained.

Management Response

432. The variance noted by the auditor was brought forward balances from previous years.

Committee Observation

433. The Committee observed that the matter was adequately addressed and resolved.

c) Construction of a Dormitory at Embakasi Girls Secondary School

434. The Fund contracted Fanstac Agencies to construct a dormitory at Embakasi Girls Secondary School at a cost of Kshs.36,107,593. The first phase of the project comprising foundation, ground floor up to slab was to cost Kshs.13,091,655. The second phase comprised of 1st floor, second floor up to roofing and finishing and was to cost Kshs.23,015,938. Physical inspection and verification of the project on 13 April 2018 revealed that the project comprising ground floor, 1st floor, second floor, roofing and finishing was almost complete. However, the management did not present for audit review all payment certificates issued since the beginning of the project. In addition, only two payment vouchers amounting to Kshs.8,771,618 were presented for audit review. The remaining expenditure of Kshs.27,335,975 in respect of the project was not supported by payment certificates and vouchers. In the circumstances, it is not possible to confirm the validity of the expenditure of Kshs.27,335,975 or whether the funds were utilized for the project purposes as intended.

Management Response

435. Payment certificates and payment vouchers were presented for audit review.

Committee Observation

436. The Committee observed that the matter was adequately addressed and resolved.

d) Substandard Works at Villa Police Station

437. Monamax Limited was paid Kshs.5,500,000 for the construction of offices at Villa Police Station. However, procurement documents and records detailing how the firm was identified, evaluated and awarded the contract were not produced for audit review. Consequently, the validity of the contract amounting to Kshs.5,500,000 cannot be confirmed. A physical verification of the project revealed that the works were not done according to the standards expected of a security installation for instance, the holding cell was constructed with wooden ceiling instead of concrete slab. In addition, the ventilation height at the holding area was just

above head height which may compromise safety. In the circumstances, the project was not effectively implemented and the public did get value for money from the works.

Management Response

438. Management clarified that the works were executed strictly according to the Bills of Quantities (BQs) and Architectural Designs approved and supervised by the Sub-County Works Officer (Ministry of Public Works) at the time of construction.

Committee Observation

439. The Committee observed that the matter was adequately addressed and resolved.

e) Substandard Works at Reuben Police Post

440. Epstar Construction Limited was paid Kshs.5,008,089 for the proposed extension of two offices and construction of toilets at Reuben Police Post. However, procurement documents and records detailing how the firm was identified, evaluated and awarded the contract were not produced for audit review. Consequently, the validity of the contract amounting to Kshs.5,008,089 cannot be confirmed. Project verification revealed that the office block measuring approximately seven meters square was already developing cracks. Generally, the works were substandard and not commensurate with the amount spent. In the circumstances, the project was not effectively implemented and the public did not get value for money from the work.

Management Response

441. The contractor rectified the floor works since the defect period had not lapsed.

Committee Observation

442. The Committee observed that the matter was adequately addressed and resolved.

f) Missing Payment Vouchers and Unsupported Expenditure

443. The Fund incurred expenditure amounting to Kshs.33,061,606.90 through several payment vouchers as listed in the cash book and annual expenditure returns. However, the payment vouchers were not presented for audit to establish whether the expenditure was a proper charge to public funds. In the circumstance, the validity and propriety of expenditure amounting to Kshs.33,061,606.90 as reflected in the cashbook cannot be confirmed.

Management Response

444. The payment vouchers have since been availed for review.

Committee Observation

445. The Committee observed that the matter was adequately addressed and resolved.

g) Other Grants and Transfers - Bursaries

446. Other grants and transfers expenditure of Kshs.70,202,945 reflected in the statement of receipts and payments includes an amount of Kshs.33,466,652 on bursaries to secondary and tertiary institutions. However, by the end of the financial year cheques amounting to Kshs.3,452,000 had not been presented for payment by the recipients. It was also noted that during the month of September 2016, the fund prepared bursary cheques totalling Kshs.5,858,000 as per cheque counterfoil details. However, the cheques were not given to the

beneficiaries until January 2017. In addition, cheque counterfoils No. 4501 and 6501 among others with bursary details were not produced for audit review. In the circumstances, the validity of expenditure incurred on bursaries to secondary and tertiary institutions cannot be confirmed.

Management Response

447. The bursary cheques were issued to beneficiaries who had not presented them to the bank. However, they were presented and cleared. A post writing internal audit revealed minor clerical discrepancies in the beneficiary schedules. The period between September and January was used to reconcile the cheque counterfoils against the approved Master List to ensure absolute accuracy before the public release of funds.

Committee Observation

448. The Committee observed that the matter was adequately addressed and resolved.

h) Net Financial Position

449. The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.3,840,501, being the difference between the brought forward negative fund balance of Kshs.6,225,070 and the surplus for the year of Kshs.6,613,510 and prior year adjustment of Kshs.3,452,061. No explanation has been provided for this anomaly.

Management Response

450. The template provided for presentation of financial statement during the year reflected net liabilities instead of net financial position. However, the template has since been amended to reflect the correct position as net financial position.

Committee Observation

451. The Committee observed that the matter was adequately addressed and resolved.

i) Budget and Budgetary Controls

452. During the year under review, the fund budgeted to spend Kshs.142,657,339. However, overall actual expenditure for the year was Kshs.92,668,563.42 resulting in an under expenditure of Kshs.49,988,775.58 which is equivalent to about 35% of the total budget. The under expenditure was mainly on transfers to other Government units at Kshs.11,342,827 and other grants and transfers at Kshs.38,483,583. The under expenditure is an indication that approved programs were not fully implemented. Further analysis of the budget against actual expenditure indicate that administration expenses for the year amounted to Kshs.10,685,385 against a budget of Kshs.10,847,752 resulting in an under expenditure of Kshs.162,367. Out of the development budget of Kshs.131,809,587 an amount of Kshs.81,983,178 was spent resulting in under expenditure of Kshs.49,826,409 or 38%. This implies that some budgetary provisions and plans were not met and which impacted negatively on service delivery by the Fund to the constituents.

Management Response

453. The under expenditure was due to late disbursement of funds by the exchequer. The funds however were put into use efficiently.

Committee Observation

454. The Committee observed that the matter was adequately addressed and resolved.

3.5.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Unexplained Budget Adjustment

455. The summary statement of appropriation-recurrent and development combined for the year ended 30 June 2018 reflects adjustments totaling Kshs.61,368,088 leading to a final budget of Kshs.148,178,433 for receipts and expenditure, respectively. However, the management has supported adjustments for 2016/2017 financial year funds totaling Kshs.28,948,275 only received in 2017/2018 financial year, leaving unsupported balance of Kshs.32,419,813. As a result, the validity and accuracy of the adjustments of Kshs.61,368,088 shown can not be ascertained.

Management Response

456. Management provided the AIEs for Financial Year 2017/2018 for audit review.

Committee Observation

457. The Committee observed that the matter was adequately addressed and resolved.

b) Budget Performance

458. During the year under review, the Embakasi South NG-CDF had budgeted to spend Kshs.148,178,433 but the actual expenditure was Kshs.60,866,809 or 41%, resulting in under expenditure of Kshs.87,311,624 or 59% of the total budget which has not been explained satisfactorily. In this regard, the under expenditure implies that planned activities were not executed and thus, resulting in lack of effectiveness in service delivery to the constituents.

Management Response

459. The under-expenditure was due to the exchequer's late disbursement of funds. However, the funds were used efficiently.

Committee Observation

460. The Committee observed that the matter was adequately addressed and resolved.

c) Non-Implementation of Constituency Innovation Hubs Project

461. Examination of budget documents revealed that the Embakasi South NG-CDF management had not implemented as of 30 June 2018 constituency innovation hubs project amounting to Kshs.5,846,283.75. The hubs had been planned for location and installation at Kware Imara Daima, Kwa Reuben and Kwa Njenga Chief Camps, respectively and at Pipeline Police Post. This implies that the budgetary provision for constituency innovation hubs project was therefore not effectively applied.

Management Response

462. The NGCDF Committee Embakasi South requested reallocation of the funds.

Committee Observation

463. The Committee observed that the matter was adequately addressed and resolved.

d) Bursary Under Absorption

464. Disclosed in Note 7 to the financial statements under other grants and payments is an expenditure of Kshs.370,000 relating to bursary disbursement for secondary schools. However, the budgeted amount was Kshs.25,553,824 and this, therefore, implies that 1% only of the total bursary budget for secondary schools was disbursed, resulting in under expenditure of Kshs.25,183,824 or 99% which has not been explained satisfactorily. Further, analysis of bursary disbursement to tertiary institutions revealed that out of the budget of Kshs.13,600,000, the actual expenditure was Kshs.5,139,500 or 38%, resulting again in under expenditure of Kshs.8,460,500 or 62% of the budget, which equally has not been explained satisfactorily.

Management Response

465. Bursary were issued in the subsequent financial year.

Committee Observation

466. The Committee observed that the matter was adequately addressed and resolved.

e) Construction of Embakasi Girls Secondary Dormitory

467. Information available indicates that construction of a dormitory at Embakasi Girls Secondary was to be undertaken in two phases which includes construction of ground floor in Phase I and construction of first and second floors in Phase II. However, the Fund Manager did not provide details of the project including the contract sum, commencement and completion dates, and the actual expenditure incurred at each phase of the project. In addition, contract documents and records were not provided for audit review. Although the Fund Manager explained that the entire contract sum of the project had so far been paid to the contractor, only two payment vouchers totalling Kshs 9,806,652 were made available for audit review as follows:

Table 13: Embakasi South Constituency, FY 2017/2018 – Construction of Embakasi Girls Secondary Dormitory

Date	p.v no.	Payee	amount
22.5.2018	018/18	Fanstanc Agencies	5,035,000
24.4.2018	8/18	Fanstanc Agencies	4,771,652
Total			9,806,652

468. No documentary evidence was seen to confirm that the contract design drawings were available during implementation of works. Similarly, records of site instructions, material test results and progress reports and site meeting minutes were equally not provided for audit review. A visual observations made during site inspection visit on 9 April 2019 revealed that the quality of materials used on site was inferior, and were falling apart as follows: (i) Loose electrical sockets exposing dangerous live cables in the dormitory. (ii) Falling curtain rods. (iii) Falling window handles. (iv) Spoilt toilet cisterns handles. (v) Blockage of narrow waste pipes (1inch diameter). (vi) Broken shower roses and poor taps. (vii) Peeling tiles. Peeling paints.

Management Response

469. The project was fully implemented.

Committee Observation

470. The Committee observed that the matter was adequately addressed and resolved.

f) Construction of AA Villa Police Post Perimeter Wall Project

471. The Embakasi Central NG-CDF Management contracted M/S Idech Enterprises for the construction of 200-meters perimeter wall at AA Villa Police Post through Tender No. EMBAS/NG-CDF/013/2017-20 at a contract sum of Kshs.9,491,758. However, the relevant contract documents and records were not provided for audit review. A review of some of the documents made available for audit revealed that only one certificate had been paid by September 2018 for works done amounting to Kshs.1,948,278 or 20% of the contract sum. No documentary evidence was provided to confirm that the contract design drawings were available during implementation of works. Similarly, contract files including but not limited to records of site instructions, material test results, progress reports and site meeting Minutes were equally not provided for audit review. A visual observations made during site inspection visit on 8 March 2019 revealed the following anomalies: (i) Only one side of 12 courses of stone wall had been erected. (ii) Although the scope of works entailed construction of 200 meters of twelve courses stone wall, only twenty meters of ten courses stone wall had been executed. (iii) The contractor had abandoned the site leaving behind materials which includes 600 feet machine cut stones. (iv) Incomplete exposed rusty steel structures for columns. (v) There was no provision for a gate and the unfinished wall was standing on an open trench, which was not backfilled, with sharp edges and pointing steel bars.

Management Response

472. The project was fully implemented.

Committee Observation

473. The Committee observed that the matter was adequately addressed and resolved.

3.5.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Limitation of Scope

474. Audit examination for the financial statements for the year ended 30 June, 2019 was limited by failure of the management of the Fund to provide records and information. The documents listed below were requested through our letter dated 13 January, 2020 and as reflected in audit evidence tracking sheet, but were not provided for audit review, contrary to Section 8 and 9(1)(e)(i) of the Public Audit Act, 2015.Bank reconciliation statements. Project implementation status report. Board of survey reports as at 30 June, 2019.Project Management Committee bank balances as at 30 June, 2019.Staff establishment records including job advertisements, interviews, recruitment and remuneration. Annual procurement plan. In the circumstances, the audit could not confirm whether the financial statements under review present fairly the operations of the Fund for the year ended 30 June, 2019.

Management Response

475. Bank reconciliation statements. Project implementation status report. Board of survey reports as at 30 June, 2019. Project Management Committee bank balances as at 30 June, 2019. Staff establishment records, including job advertisements, interviews, recruitment, remuneration, and the annual procurement plan were provided for audit review.

Committee Observation

476. The Committee observed that the matter was adequately addressed and resolved.

b) Net Financial Position

477. The statement of assets and liabilities as at 30 June, 2019 reflects total financial assets of Kshs.21,128,978 and nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, Kshs.21,128,978 has been presented as net liabilities instead net financial position.

Management Response

478. The template provided for presentation of financial statements during the year reflected net liabilities instead of net financial position. However, the template has since been amended to reflect the correct position as net financial position.

Committee Observation

479. The Committee observed that the matter was adequately addressed and resolved.

c) Undisclosed Project Management Committee Bank Balances

480. A review of bank balances revealed that the Project Management Committees had a balance of Kshs.9,074,187 which was not part of the disclosed cash and cash equivalents balance of Kshs.21,128,978. The funds were disbursed to the Project Management Committee account but were not utilized as at 30 June, 2019. Consequently, the accuracy and completeness of cash and cash equivalents balance of Kshs.21,128,978 as at 30 June, 2019 could not be confirmed.

Management Response

481. The PMC bank balances were not to be disclosed as part of the cash and cash equivalents, but rather as a disclosure in the financial statements. The disclosure has been provided for audit review.

Committee Observation

482. The Committee observed that the matter was adequately addressed and resolved.

d) Use of Goods and Services

483. Note 5 to the financial statements in respect of use of goods and services reflects a total expenditure of Kshs.4,717,699. However, the expenditure was not supported by payment vouchers and other relevant documents. This is contrary to Regulation 104(1) of the Public Finance Management (National Government) Regulations, 2015.

Management Response

484. Payment vouchers were provided for review.

Committee Observation

485. The Committee observed that the matter was adequately addressed and resolved.

e) Compensation of Employees

486. The statement of receipts and payments reflects Kshs.1,842,680 in respect of compensation of employees. However, the respective Note 4 to the financial statements reflects

Kshs.3,984,350 resulting to unreconciled variance Kshs.2,141,670. Further, Note 4 to the financial statements reflects a total expenditure on compensation of employees of Kshs.3,984,350. However, this amount was not supported with relevant documents such as payment vouchers contrary to Regulation 104(1) of the Public Finance Management (National Governments) Regulations, 2015. In the circumstances, the accuracy and completeness of compensation of employees expenditure could not be ascertained.

Management Response

487. Upon internal review, it was established that the amount of Kshs.1,842,680 reflected in the Statement of Receipts and Payments represented basic salaries, while Note 4 incorrectly included gratuity provisions and NSSF/NHIF employer contributions, which were not properly mapped. This error was not repeated in subsequent financial years.

Committee Observation

488. The Committee observed that the matter was adequately addressed and resolved.

f) Unsupported Bursary Disbursement

489. Note 8 of the financial statements reflects Kshs.80,149,127 in respect of other grants and other payments. Out of this amount, Kshs.65,323,500 was spent on bursary to tertiary and secondary schools. However, bursary applications register maintained to show the names of applicants and their identification details, location of domicile, schools and colleges where admitted was not availed for audit review. In the circumstances, the accuracy and completeness of other grants and other payments expenditure could not be ascertained.

Management Response

490. The bursary applications register, maintained to show the names of applicants and their identification details, domicile location, and the schools and colleges where they were admitted, was availed for audit review.

Committee Observation

491. The Committee observed that the matter was adequately addressed and resolved.

3.5.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Understated Cash and Cash Equivalents

492. The statement of assets and liabilities reflects bank balances of Kshs.36,016,599 and nil balance for cash in hand respectively as disclosed in Note 10A and 10B to the financial statements. However, the cash book and board of survey report for the year ended 30 June, 2020 reflects a cash in hand balance of Kshs.1,915,000 which was not included in the cash and cash equivalents balance resulting to understatement of the cash balance by Kshs.1,915,000. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.36,016,599 could not be confirmed.

Management Response

493. The variance relates to an unsurrendered imprest at the closure of the financial year. However, the imprest was surrendered, and the surrender voucher has been availed for audit review.

Committee Observation

494. The Committee observed that the matter was adequately addressed and resolved.

b) Understated Use of Goods and Services Expenditure

495. The statement of receipts and payments reflects use of goods and services expenditure of Kshs.10,584,119 as disclosed in Note 5 to the financial statements. However, an expenditure of Kshs.481,810 was incurred for execution of tenancy agreement but it was not included in the use of goods and services therefore understating the expenditure by a similar amount. In the circumstances, the accuracy and completeness of the use of goods and services expenditure of Kshs.10,584,119 could not be confirmed.

Management Response

496. This was a misclassification error in the financial statements. Management noted it and did not repeat it in subsequent financial years.

Committee Observation

497. The Committee observed that the matter was adequately addressed and resolved.

c) Unexplained Variances for Use of Goods and Services

498. The statement of receipts and payments reflects use of goods and services expenditure of Kshs.10,584,119 as disclosed in Note 5 to the financial statements. However, as per the payment vouchers provided, the expenditure for use of goods and services amounted to Kshs.12,957,270 resulting to unexplained variance of Kshs.2,373,151. In the circumstances, the accuracy and completeness of the use of goods and services expenditure of Kshs.10,584,119 could not be confirmed.

Management Response

499. The variance resulted from a mix-up in vouchers provided to the auditor; management confirms the actual expenditure as Kshs. 10,584,119, as presented in the statement of receipts and payments.

Committee Observation

500. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Expenditure for Use of Goods and Services

501. The statement of receipts and payments reflects use of goods and services expenditure of Kshs.10,584,119 as disclosed in Note 5 to the financial statements. Review of records provided showed that an amount of Kshs.1,424,000 was incurred but was not supported by any payment voucher, contrary to Section 104(1) of the Public Finance Management Regulations, 2015. In the circumstances, the accuracy and completeness of the use of goods and services expenditure of Kshs.1,424,000 could not be confirmed.

Management Response

502. The payment vouchers have been availed for audit review.

Committee Observation

503. The Committee observed that the matter was adequately addressed and resolved.

e) Unaccounted for Transfers to Other Government Units

504. The statement of receipts and payments reflects transfers to other government units amounting to Kshs.19,500,000 which includes transfers to primary schools of Kshs.16,500,000 as disclosed in Note 6 to the financial statements. Review of payment vouchers provided for audit showed that the money was transferred to Kwa Njenga Primary PMC bank account and according to the approved project code list, the amount of Kshs.16,500,000 was meant to convert class to computer lab, purchase a 52-seater bus and rehabilitate the school field within the year ended 30 June, 2020. However, audit inspection carried out on 22 January, 2021 showed that the project work had not been done and the amount of Kshs.15,400,000 had already been utilized leaving a balance of Kshs.1,100,000 which could not be traced in the PMC Account. In the circumstances, the validity and regularity of the transfers to other government units expenditure amounting to Kshs.16,500,000 could not be confirmed.

Management Response

505. The implementation of the project was affected by the covid 19 pandemic. However, the project was completed.

Committee Observation

506. The Committee observed that the matter was adequately addressed and resolved.

f) Unaccounted for Compensation of Employees

507. The statement of receipts and payments reflects compensation of employees amounting to Kshs.3,695,480 as disclosed in Note 4 to the financial statements. However, review of employees documents provided for audit showed that only three (3) employees were working in the constituent office despite the office paying fourteen (14) employees every month. The eleven (11) employees were not accounted for and employment contracts were not provided for audit. Consequently, the validity and regularity of compensation of employees expenditure of Kshs.3,695,480 could not be confirmed.

Management Response

508. The employment contracts were provided for audit review.

Committee Observation

509. The Committee observed that the matter was adequately addressed and resolved.

g) Unsupported Bursary to Tertiary Institutions

510. The statement of receipts and payments reflects other grants and transfers amounting to Kshs.54,421,336 which includes an amount of Kshs.17,549,218 for bursary to tertiary institutions, out of which an amount of Kshs.15,137,000 was paid to various tertiary institutions for various training programs as disclosed in Note 7 to the financial statements. However, documents showing acknowledgment of receipt of the monies and confirmation of the beneficiaries' attendance of the training and whether they gained the required skills were not provided. Further, an amount of Kshs.5,637,218 was paid to private institutions as bursaries for training various courses which could not be confirmed. In the circumstances, the validity and regularity of bursary to tertiary institutions amounting to Kshs.17,549,218 could not be confirmed.

Management Response

511. Acknowledgment receipts and bank statements have been provided for review.

Committee Observation

512. The Committee observed that the matter was adequately addressed and resolved.

h) Budgetary Control and Performance (Other Matter)

513. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totaling to Kshs.213,537,578 and Kshs.125,139,854 respectively, resulting to an underfunding amounting to Kshs.88,397,724 or 41% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Kshs.213,537,578 and Kshs.89,123,255 respectively, resulting to under expenditure of Kshs.124,414,322 or 58% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on the delivery of services to the residents of Embakasi South constituency.

Management Response

514. The underfunding and underperformance were due to delay and late disbursement of funds by the exchequer. The funds were received and projects implemented to completion.

Committee Observation

515. The Committee observed that the matter was adequately addressed and resolved.

3.5.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Inaccuracies in the Financial Statements

516. The financial statements presented for audit revealed the following inaccuracies: The balances in the statement of receipts and payments have not been aligned to their respective note numbers as disclosed. The balances for the current financial year do not reflect the reporting currency at the top of the column.

517. Note 17.2 on pending staff payables reflects a balance of Kshs.243,063 relating to other staff gratuity. However, annex 2 on page 37 on analysis of pending staff payables reflects a balance of Kshs.467,818 resulting to an unexplained and unreconciled variance of Kshs.224,755. Annex 5 on PMC bank balances as at 30 June, 2021 reflects a balance of Kshs.3,204,798. However, a re-computation indicates Kshs.34,912,451 resulting to a variance of Kshs.31,707,653. Comparison of reported PMC balances indicates that Kshs.36,897 was held at Equity Bank which differs with the balance of Kshs.4,921,777 reported in the certificate of bank balance resulting to a variance of Kshs.4,884,880. In the circumstances, the accuracy and completeness of the financial statements presented for audit could not be confirmed.

Management Response

518. The inaccuracies were noted and not repeated in subsequent financial years.

Committee Observation

519. The Committee observed that the matter was adequately addressed and resolved.

b) Bursaries

520. The statement of receipts and payments reflects other grants and transfers of Kshs.62,044,360 which as disclosed in Note 7 to the financial statements includes Kshs.49,150,517 in respect of bursary to tertiary and secondary institutions. However, the expenditure returns and payment vouchers provided to support the balance reflects Kshs.39,032,034 resulting to an unexplained variance of Kshs.4,540,449. In the circumstances, the accuracy and completeness of the bursary to tertiary and secondary institutions of Kshs.49,150,517 reflected in the financial statements could not be confirmed.

Management Response

521. The expenditure returns and payment vouchers were provided for audit review.

Committee Observation

522. The Committee observed that the matter was adequately addressed and resolved.

c) Use of Goods and Services

523. The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects Kshs.4,229,560 in respect of use of goods and services which includes an amount of Kshs.775,000 whose payment vouchers were not provided for audit. Further, an amount of Kshs.713,000 was not captured in the ledger and hence understating the total amount of use of goods and services to the extent of the omission. In the circumstances, the accuracy and completeness of Kshs.4,229,560 in respect of use of goods and services reflected in the financial statements could not be confirmed.

Management Response

524. Payment vouchers and analysis of good and services have been availed for review by the auditor.

Committee Observation

525. The Committee observed that the matter was adequately addressed and resolved.

d) Cash and Cash Equivalents

526. The statement of assets and liabilities and Note 10A to the financial statements reflects a balance of Kshs.80,540,784 in respect to bank balances. However, a board of survey of cash report and certificate of balance were not provided for audit. In the circumstances, the accuracy and existence of cash and cash equivalents balance of Kshs.80,540,784 could not be confirmed.

Management Response

527. The Board of Survey of Cash report and certificate of balance were provided for audit review.

Committee Observation

528. The Committee observed that the matter was adequately addressed and resolved.

e) Budgetary Control and Performance

529. The summary statement of appropriation reflects final receipts budget and actual on comparable basis amount of Kshs.261,503,201 and Kshs.194,202,518 respectively, resulting to an underfunding of Kshs.67,300,683 or 26% of the budget. Similarly, the statement reflects

final expenditure budget and actual on comparable basis totaling to Kshs.261,503,201 and Kshs.113,661,735 respectively, resulting to an underperformance of Kshs.147,841,466 or 57% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

530. The underfunding and underperformance were due to delays and late disbursement of funds by the exchequer. The funds were received and projects implemented to completion.

Committee Observation

531. The Committee observed that the matter was adequately addressed and resolved.

f) Expenditure on Transfers to Other Government Units

532. The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects an amount of Kshs.41,704,500 in respect of transfers to other government units. Analysis of the ledger, the bank statements and other payment records revealed that the Fund made payments during the year as analyzed below:

Table 14: Embakasi South Constituency, FY 2020/2021 – Expenditure on Transfers to Other Government Units

Institution	Opening Balance	Additional Funds (Kshs	PMC Account Balance (Kshs	Paid During the Year (Kshs)
Kware Primary		8,000,000	5,897,710	2,102,290
Kware Secondary		8,000,000	5,887,590	2,112,410
Reuben Secondary		7,162,250		7,162,250
AEF Reuben Primary		1,570,000	447,110	1,122,890
Kwa Njenga Primary		3,570,000	18,848,882	(15,278,882)
Mukuru Community Centre Primary School		9,000,000	3,102,760	5,897,240
Reuben Primary school		3,570,000		3,570,000

533. However, Management did not provide the expenditure returns relating to the transactions for verification to determine the nature and purpose of the transfers of Kshs.40,872,250. In addition, the ledger reflects transfers amounting to Kshs.16,000,000 and Kshs.8,000,000 to

Kwa Njenga Primary School and Kwa Njenga Secondary School respectively which differs with payment vouchers provided which indicated that the payments were made to Kware Primary School and Kware Secondary Schools. In the circumstances, the utilization and value for money for the transfers to other Government units of 40,872,250 could not be confirmed.

Management Response

534. The expenditure returns relating to the transactions have since been availed for verification. All projects were completed.

Committee Observation

535. The Committee observed that the matter was adequately addressed and resolved.

g) Irregularities in Bursary Management

536. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects an amount of Kshs.62,044,360 in respect of other grants and other payments which includes Kshs.49,150,517 relating to bursaries to secondary schools and tertiary institutions. However, Management did not demonstrate whether there was use of the Education bursary, Mock examinations and Continuous assessment tests committee in identification and vetting of the beneficiaries. Further, the acknowledgement receipts from the schools were not made available for audit. In the circumstances, the value for money for the amount of Kshs.49,150,517 relating to bursaries could not be confirmed.

Management Response

537. The Education bursary, mock examinations and continuous assessment tests committee minutes and the acknowledgement receipts from the schools were made available for audit.

Committee Observation

538. The Committee observed that the matter was adequately addressed and resolved.

h) Direct Procurement of Goods and Services in cash

539. The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects Kshs.4,299,560 in respect of use of goods. However, a review of imprests surrender vouchers of Kshs.840,000 revealed that management used imprests amounting to Kshs.190,500 to procure goods and services (tents, tables, chairs and hospitality) above the minimum allowed threshold contrary to section 107 and second schedule of the Public Procurement and Assets Disposal Act, 2015 which sets the maximum for low value procurement for goods, works and services at Kshs.50,000, Kshs.100,000 and Kshs.50,000 respectively. In the circumstances, Management was in breach of the law.

Management Response

540. Management clarified that these expenditures were incurred during various bursary issuance events where the immediate provision of services was critical for the success of the bursary process at the time; the standard procurement process was constrained by the amount limit of Kshs.30,000. The Kshs.190,500 is a cumulative total for various bursary issuance events.

Committee Observation

541. The Committee observed that the matter was adequately addressed and resolved.

i) Irregular Procurement of Masks, Thermoguns, and Sanitizers

542. The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects Kshs.4,299,560 in respect of use of goods and services. A review of records revealed an amount of Kshs.551,080 was paid to a firm for supplies and delivery of masks, thermoguns, hand wash detergent and sanitizers that were procured using direct procurement method. This is contrary to Section 103(2)(a) of the Public Procurement and Asset Disposal Act, 2015 which states that a procuring entity may use direct procurement if the goods, works or services are available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods, works or services, and no reasonable alternative or substitute exists; Further, no delivery notes, inspection and acceptance report and a distribution list was provided for verification casting doubt on whether the items were delivered and used for the intended purpose. In the circumstances, the value for money for the amount of Kshs.551,080 could not be confirmed.

Management Response

543. The procurement occurred during the COVID-19 pandemic, and it was urgent. Delivery notes, inspection and acceptance report and a distribution list were provided for verification.

Committee Observation

544. The Committee observed that the matter was adequately addressed and resolved.

3.5.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Misstatement of Emergency Projects

545. The statement of receipts and payments and Note 7 to the financial statements reflect other grants and transfers amount of Kshs.89,644,672. Included in this expenditure is an amount of Kshs.6,035,859 on emergency projects, which in turn wrongly includes rent totaling to Kshs.862,500. In addition, there was a double payment of rent amounting to Kshs.172,500, whereby the related cheque was posted twice and therefore overstating the expenditure. In the circumstances, the accuracy and completeness of the emergency projects balance of Kshs.6,035,859 could not be confirmed.

Management Response

546. The posting error was noted and rectified in the subsequent year. Management committed to avoid recurrence.

Committee Observation

547. The Committee observed that the matter was adequately addressed and resolved.

b) Use of Goods and Services

548. The statement of receipts and payments reflects an expenditure of Kshs.7,082,703 for use of goods and services as disclosed under Note 5 to the financial statements. However, the payment vouchers submitted accounted for an amount of Kshs.6,355,211, resulting to unsupported payments of Kshs.727,492. Further, examination of the cash book and the ledger revealed two payments amounting to Kshs.713,000 were recorded in the cash book but not captured in the ledger, resulting to understatement of the use of goods and services expenditure by a similar amount.

Management Response

549. Management provided payment vouchers and ledgers to the auditor for review.

Committee Observation

550. The Committee observed that the matter was adequately addressed and resolved.

c) Transfers to Other Government Units

551. Note 6 to the financial statements reflects transfers to primary schools of Kshs.32,023,982 while the budget execution by sectors and projects for the year indicate total transfers of Kshs.35,593,982. Similarly, Note 6 to the financial statements reflect total transfers to secondary schools of Kshs.80,616,219 while the budget execution by sectors and projects reflect transfer total of Kshs.77,034,173. The resultant variances were not explained or reconciled. In addition, analysis provided revealed that out of Kshs.32,023,982 transferred to primary schools, Kshs.6,995,000 was paid to a contractor while out of total amount of Kshs.80,616,219 transferred to secondary schools, Kshs.7,838,708 was paid to two (2) contractors. However, the details of the respective supplies were not provided for audit.

Management Response

552. The management stated that the variance arose due to misclassification of vouchers during the financial statement preparation exercise; however, proper classification has been done and availed to the auditor for verification. Supplier details are availed for review.

Committee Observation

553. The Committee observed that the matter was adequately addressed and resolved.

d) Other Grants and Transfers

554. The statement of receipts and payments and Note 7 to the financial statements reflect other grants and other transfers total amount of Kshs.89,644,672. Included in this amount are bursaries to secondary and tertiary schools of Kshs.40,739,381 and Kshs.15,642,500 respectively. The total amount of Kshs.56,381,881 represents 38% of the total transfers from NG-CDF Board, which is 3% above the allowable limit of 35%. This was contrary to Section 48 of the National Government Constituencies Development Fund Act, 2015 which provide that the funding of social security Programmes, education bursary schemes, shall be considered as development projects for the purposes of the Act, provided that such projects shall not be allocated more than thirty-five per centum of the total funds allocated for the Constituency in any financial year. The analysis provided in support of the Kshs.15,642,500 for the bursary-tertiary institutions totaled to Kshs.14,970,000 resulting to a variance of Kshs.672,500, being a payment made on 18 May, 2022 that was not supported or explained. In the circumstances, the accuracy and completeness of the financial statements balances on use of goods and services, transfers to primary and secondary schools and, other grants and other transfers of Kshs.727,492, Kshs.112,640,201 and Kshs.56,381,881 respectively could not be confirmed.

Management Response

555. The bursary vote was allocated 35% of the fund in the year, the 3% over and above rose from the roll over from the previous year balance. The Kshs.672,500 was utilized as an expenditure in bursary application, bursary vetting exercise and issuance of bursary cheques.

Committee Observation

556. The Committee observed that the matter was adequately addressed and resolved.

e) Cash and Cash Equivalents

557. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.15,847,490 as disclosed in Note 10A to the financial statements. The bank reconciliation statements in support of the cash and cash equivalents balance reflects a bank balance of Kshs.69,244,817 which was not supported with a board of survey report as at 30 June, 2022. Further, the June, 2022 reconciliation statement revealed payments in cash book not recorded in bank statement (unpresented cheques) totaling to Kshs.21,308,448 which date back to 19 January, 2021. Management did not provide evidence and details on when the cheques were cleared and the status of the stale cheques. In addition, the cash book postings were done in pencil thereby making them temporary in nature and susceptible to unauthorized alterations. Further, there were numerous over-writings and cancelations that were not signed by the officer making the corrections or examining the cash book as required. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.15,847,490 could not be confirmed.

Management Response

558. The unpresented cheques cleared in subsequent months, and all stale cheques were reversed and replaced. The cashbook has since been posted as required.

Committee Observation

559. The Committee observed that the matter was adequately addressed and resolved.

f) Budgetary Control and Performance

560. The summary statement of appropriation reflects a final receipts budget and actual on comparable basis of Kshs.284,930,345 and Kshs.230,629,663 respectively, resulting to an underfunding of Kshs.54,300,682 (or 24%) of the budget. Similarly, the Fund expended Kshs.214,762,566 against an approved budget of Kshs.284,928,345 resulting to budget under absorption of Kshs.70,165,779 (or 33%) of the budget. The underfunding and under absorption of budget may have negatively impacted service delivery to the people of Embakasi South Constituency.

Management Response

561. The underfunding and underperformance were due to delays and late disbursement of funds by the exchequer. The funds were received and projects implemented to completion.

Committee Observation

562. The Committee observed that the matter was adequately addressed and resolved.

g) Unresolved Prior Year Matters

563. In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management did not resolve the issues or explain reasons for the delay in resolving the prior year audit issues.

Management Response

564. Management was awaiting an invitation from the Parliament Committee to clear the issues.

Committee Observation

565. The Committee observed that prior year matters were resolved by the Accounting Officer after submitting relevant documentation to the Office of the Auditor-General, and the matter was resolved.

h) Irregular Branding of Projects

566. Inspection of projects implemented by the Fund on 22 March, 2023 revealed instances of noncompliance with the law in branding of projects at Imara Daima ACC Office and Reuben Primary School by branding them with the name of the area Member of Parliament. This was contrary to Section 25(3) of the National Government Constituencies Development Fund Act, 2015 providing that the funds provided under this Act shall not be used for supporting political bodies or political activities or for supporting religious bodies or religious activities. In the circumstances, Management was in breach of the law.

Management Response

567. The PMC initially branded the projects; however, upon realization, Embakasi South management removed the irregular branding and replaced it with compliant branding. Management conducted continuous training for the PMCs on the regulations governing public project branding.

Committee Observation

568. The Committee observed that the matter was adequately addressed and resolved.

i) Non-Compliance in Management of Emergency Reserves

569. The statement of receipts and payments reflects other grants and transfers amounting to Kshs.89,644,672 which includes emergency expenditure amounting to Kshs.6,035,859, as disclosed in Note 7 to the financial statements. However, no documentary evidence was provided indicating that the Fund reported the emergency expenditures to the Board using the prescribed format and within the stipulated period of 30 days as required of regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016. Further, the Fund spent Kshs.4,497,840 on grading, levelling and compaction of a school play field. However, the request for funding from the school and the project details as evidence of the nature of the emergency were not provided and no minutes were provided as evidence that the project related to urgent and unforeseen need for expenditure that could not be delayed as per Section 8(3) of the National Government Constituencies Development Fund Act, 2015. In the circumstances, Management was in breach of the law.

Management Response

570. The emergency report to the Board has since been availed for audit review.

Committee Observation

571. The Committee observed that the matter was adequately addressed and resolved.

j) Bursary Disbursement

572. The statement of receipts and payments and Note 7 to the financial statements reflect total expenditure of Kshs.89,644,672 relating to other grants and other payments. Included in this expenditure is an amount of Kshs.56,381,881 on bursaries to secondary schools and tertiary institutions. However, review of bursary records provided revealed that some students did not have their admission or registration numbers indicated in the schedules. Also, the evidence of applications vetting by the Education Bursary Committee, receipts acknowledgement by the beneficiary schools and institutions and cheque dispatch register to confirm the dispatching of cheques were not provided. In the circumstances, the regularity of the bursaries of Kshs.56,381,881 could not be confirmed.

Management Response

573. The students with no admission or registration numbers joined institutions and were issued bursaries at the point of admission, and they later provided the admission and registration numbers. The Committee provided evidence of application vetting by the Education Bursary Committee, receipt acknowledgements from beneficiary schools and institutions, and confirmation of cheque dispatch for review.

Committee Observation

574. The Committee observed that the matter was adequately addressed and resolved.

3.5.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Unsupported Bursary Disbursements

575. The statement of receipts and payments reflects other grants and transfers of Kshs.73,315,340 as disclosed in note 8 to the financial statements. Included in the balance are disbursements totaling 44,112,800 as bursaries to secondary schools and tertiary institutions. However, review of the supporting documents provided for audit revealed that there was no evidence of formation and operationalization of the education bursary, mock examination and continuous assessment tests committee. Further acknowledgement notes or receipts by the beneficiary institutions and bursary cheques dispatch register were not provided for audit. In the circumstances, the propriety and accountability for the bursary expenditure totaling Kshs.73,315,340 could not be confirmed.

Management Response

576. The management provided acknowledgement notes or receipts from the beneficiary institutions and the bursary cheque dispatch register for audit. Management also provided minutes for the education bursary, mock examination, and continuous assessment tests committee for review.

Committee Observation

577. The Committee observed that the matter was adequately addressed and resolved.

b) Failure to Return Unspent Project Management Committee Balances

578. Note 18.4 and Annex 5 to the financial statements reflect project management committee bank balance of Kshs.25,704,345. However, review of cashbook and bank statements revealed that unutilized balances had not been returned to the Constituency Fund account as required by section 12(8) of the National Government Constituencies Development Fund Act,

2015. (amended 2022) further the cash books bank reconciliation statements and certificates of bank balances were not provided for audit. In the circumstances, the accuracy and completeness of PMC bank balances of Kshs.25,704,345 could not be confirmed.

Management Response

579. The unutilized funds relate to ongoing projects. The projects have been completed, and the process to return any savings in the PMCs to the main budget has been initiated.

Committee Observation

580. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance

581. The summary statement of appropriation reflects receipt budget and actual on comparable basis totaling to Kshs.215,293,335 and Kshs.153,966,369 respectively, resulting to an under-funding of ksh 61,326,966 or 39% of the budget. however the fund spent an amount of ksh 1100,575,687 against actual receipt of ksh 153,973,929 resulting to under utilization of ksh 43,398,242 or 28% of actual receipts. The under-funding and under-expenditure affected the planned activities and may impact negatively on service delivery to public.

Management Response

582. The underfunding and under-expenditure were due to delays and late disbursement of funds by the exchequer. The funds were received and projects implemented to completion.

Committee Observation

583. The Committee observed that the matter was adequately addressed and resolved.

d) Unresolved Prior Years Matters

584. In the audit report of previous years, 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 control, risk management and governance, however the management had not resolved the issues.

Management Response

585. Management was awaiting an invitation from the Parliament Committee to clear the issues.

Committee Observation

586. The Committee observed that the Management did not provide sufficient documentation to verify the matter, and the query remained unresolved.

e) Lack of Approved List of Prequalified Suppliers

587. During the year under review, the Fund Management did not have approved list of pre-qualified suppliers, this is contrary to Section 93 (1) of the Public Procurement and Asset Disposal Act, 2015 which stipulates that a procuring entity shall maintain and continuously update lists of registered suppliers, contractors and consultants. In the circumstances, Management was in breach of the law.

Management Response

588. Approved list of pre-qualified suppliers has been availed for review.

Committee Observation

589. The Committee observed that the matter was adequately addressed and resolved.

f) Failure to Report Utilization of Emergency Reserves

590. The statement of receipts and payments reflects other grants and transfers amount of ksh 73,315,340, as disclosed in note 8 to the financial statements. the amount includes emergency expenditure of ksh 2,887,200. however there was no evidence indicating that the fund management reported the emergency expenditures to the board. this was contrary to regulation 20(2) of the National Constituency Development Fund regulation 2016. the utilization of the emergency reserve shall be reported to the board within thirty days of the occurrence of the emergency in the format described by the board. In the circumstances, management was in breach of the law.

Management Response

591. The emergency report to the Board has since been availed for audit review.

Committee Observation

592. The Committee observed that the matter was adequately addressed and resolved.

g) Failure to Maintain Imprest Register

593. During the year under review, the Management did not maintain an imprest register indicating details of payees, amount issued, imprest warrant number, dates of issue, due dates and dates of surrender. As stipulated in regulation 93(4) of the public finance management (national government) regulation, 2015. In the circumstances, the effectiveness of internal controls on the processing of imprest could not be confirmed.

Management Response

594. An imprest register indicating details of payees, amount issued, imprest warrant number, dates of issue, due dates and dates of surrender was provided for review.

Committee Observation

595. The Committee observed that the matter was adequately addressed and resolved.

3.6 Embakasi West Constituency

596. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Embakasi West Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.6.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Difference Between Financial Statement Balances and Ledger Balances

597. The following differences were noted between balances in the statement of receipts and payments/notes to the financial statements and balances in the ledger:

Table 15: Embakasi West Constituency, FY 2016/2017 – Difference Between Financial Statement Balances and Ledger Balances

Account Details	Balance Reflected in the statement Receipts and Payment/Notes (Kshs)	Balance Reflected in the Ledger (Kshs)	Variance (Kshs)
Other grants and other payments			
Bursary (secondary,tertiar yandspecial schools)	15,243,000	16,502,000	(1,259,000)
• Water Projects	664,000	-	664,000
• Sports	2,247,495	-	2,247,495
• Other capital grants and transfer	1,927,938	-	1,927,938
• Emergenc y projects	8,992,320	-	8,992,320
Acquisition of assets	300,000	-	300,000
Use of goods and services	5,291,710	262,800	5,028,910
	34,666,463	**16,764,800**	**17,901,663**

Management Response

598. The variance between the balances reflected in the Statement of Receipts and Payments/Notes to the Financial Statements and the ledger balances arose due to some of the vouchers not availed to the auditor. The vouchers have meanwhile availed for auditor to verify. The difference between individual items is attributable to misclassification between vote head where some payment vouchers that were placed under Other Grants and Transfers and Acquisition of Assets and separately captured under the different vote heads in the ledger.

Committee Observation

599. The Committee observed that the matter was adequately addressed and resolved.

b) Difference Between Summary of Fixed Assets Register (Annex 4) and Assets Register

600. Annex 4 to the financial statements-summary of fixed assets register reflects a balance of Kshs.980,164. However, the asset register provided for audit verification had a balance of Kshs.1,423,829 resulting in un-reconciled variance of Kshs.443,665. Further the asset register maintained by the Fund include items such as utensils which ordinarily do not qualify to be capitalized.

Management Response

601. The variance of Kshs.443,665 between the Summary of Fixed Assets Register amounting to Kshs.980,164 and the Asset Register maintained by the Fund amounting to Kshs.1,423,829 arose because management failed to update the assets procured recently. However, the Fund's asset register included additional items such as utensils and other minor equipment, which were recorded for inventory control and accountability purposes, but management believed they still qualified for capitalisation under the applicable accounting policies. Management has since reviewed the asset register and separated capital assets from non-capitalized items to ensure consistency between the asset register and the financial statements.

Committee Observation

602. The Committee observed that the matter was adequately addressed and resolved.

c) Pending Payables

603. Note 15.2 to the financial statements reflects pending staff payables balance of Kshs.775,000 as at 30 June 2017. However, the analysis at annex 2 reflects the same balance outstanding but for the financial year ended 30 June 2016. No satisfactory explanation has been provided for failure to clear these long outstanding payables. Further, Note 15.3 to the financial statements reflects other pending payables balance of Kshs.59,146,551 but the analysis at annex 3 reflects a balance of Kshs.14,137,957 resulting in an un-explained difference of Kshs.45,008,594.

Management Response

604. Regarding other pending payables, the balance reflected in Note 15.3 amounting to Kshs.59,146,551 differs from the analysis provided. Management confirms that Analysis of other pending payables is Kshs.59,146,552. Further, management confirmed that the payables have been settled in full.

Committee Observation

605. The Committee observed that the matter was adequately addressed and resolved.

d) Cash and Cash Equivalents

606. The statement of assets reflects a bank balance of Kshs.860,402 as at 30 June, 2017. A review of bank reconciliation statement for June 2017 revealed that un-presented cheques amounted to Kshs.1,375,831 as at the close of the year. Included in the list of un-presented cheques are three stale cheques totaling to Kshs.120,365 that were issued between June 2016 and September 2016 as tabulated below:

Table 16: Embakasi West Constituency, FY 2016/2017 – Cash and Cash Equivalents

Date	Payee	Cheque	No.	Amount Kshs.
27/06/2016	Commissioner of Domestic Taxes	4200		10,365
30/07/2016	Unity College	4236		10,0000
30/09/2016	Zingira Cleans Project	4299		100,000
Total				**120,365**

607. It is not clear why the stale cheques were not reversed in the cash book. In the circumstances, the accuracy of the bank balance of Kshs.860,402 as at 30 June 2017 cannot be confirmed.

Management Response

608. Management acknowledged the audit observation regarding the bank reconciliation as at 30 June 2017. The bank balance per books was Kshs.860,402, with unpresented cheques totalling Kshs.1,375,831, including Kshs.120,365 of stale cheques issued more than six months ago. Management confirmed that stale cheques have since been reversed and replaced.

Committee Observation

609. The Committee observed that the matter was adequately addressed and resolved.

e) Net Financial Position

610. The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.860,402 being the difference between the brought forward fund balance of Kshs.1,943,723 and the deficit for the year of Kshs.1,083,321. No explanation has been provided for this anomaly.

Management Response

611. Management acknowledged the issues but clarified that it used the templates provided by the National Treasury. Over the years, Management continued to ensure that financial reports are presented in the provided templates.

Committee Observation

612. The Committee observed that the matter was adequately addressed and resolved.

f) In-eligible Expenditure

613. The statements of receipts and payments reflect expenditure of Kshs.6,030,813 in respect of other grants and transfers which includes Kshs.664,000 for water projects. Water is a devolved function under the Constitution. The expenditure was, therefore, incurred contrary to Section 24 of the National Government Constituency Development Fund Act, 2015 which limit projects to be funded by National Government Constituency Development Fund to those falling under the National Government function. Consequently, the National Government Constituencies Development Fund Board and the Embakasi West Constituency Development Fund Committee are in breach of the law and the expenditure is in-eligible.

Management Response

614. The expenditure was incurred to address an urgent need for access to clean and safe water for students within the school.

Committee Observation

615. The Committee observed that the matter was adequately addressed and resolved.

g) Transfers to Other Government Units

616. The statement of receipts and payments reflects transfer to other government units' expenditure of Kshs.24,333,784 and as disclosed at Note 6 to the financial statements. However, out of the transfers, an amount of Kshs.24,258,820 was transferred to the Project Management Committees for projects which had not commenced as at the close of the financial year as analyzed below:

Table 17: Embakasi West Constituency, FY 2016/2017 – Transfers to Other Government Units

Date	Payee	Details	PV No.	Amount Kshs.	Financial Year
04.05.17	Tumaini Primary School	Construction of perimeter wall	74	5,000,000	2016-17
26.05.17	School Furniture for primary schools	School furniture for public primary schools	77	4,491,173	2016-17
17.02.17	Umoja 1 primary school	Construction of swimming pool	51	5,767,647	2015-16
21.02.17	Buruburu 1 primary school	Construction of Autism Block	54	4,000,000	2015-16
06.04.17	Buruburu 1 primary school	Construction of Autism Block	64	5,000,000	2016-17
Total				24,258,820	

Management Response

617. Management confirmed that the funds were transferred to Project Management Committees in good faith to ensure timely procurement and implementation once project activities commenced. However, management acknowledges that the projects had not physically commenced as at the close of the financial year. The anomalies were attributable to long establishment of project management committee but eventually the projects were executed for the intended activities.

Committee Observation

618. The Committee observed that the matter was adequately addressed and resolved.

h) Non-Compliance with Procurement Procedures

619. Three contracts worth Kshs.12,582,165 were awarded without advertising in a dedicated Government tenders' portal or in the Fund's own website, or a notice in at least two daily newspapers of nationwide circulation as required by law as detailed below:

Table 18: Embakasi West Constituency, FY 2016/2017 – Non-Compliance with Procurement Procedures

Contractor	Details	PVNo	Amount
ID Electricals Services	Construction of Administration Post at Kariobangi Chiefs Camp	66	4,205,401
Invent Contractors	Construction of Police Post at Riverside Estate	67	4,198,740
Genajo Designers & building Contractors	Construction of Police Post at Tena Estate Chiefs Camp	68	4,178,024
	Total		**12,582,165**

Management Response

620. Management clarified that the procurement process gave preference to local contractors to promote local participation, in line with the Fund's objective of supporting local economic empowerment. Management notified contractors through an advertisement placed at the Constituency notice board, and a copy of the advertisement has been provided as evidence. The engaged contractors were prequalified and had the necessary technical capacity to undertake the works. Management initiated measures to ensure future procurements fully comply with the prescribed procurement procedures and advertisement requirements.

Committee Observation

621. The Committee observed that the matter was adequately addressed and resolved.

3.6.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Cash and Cash Equivalents

622. The statement of assets and liabilities as at 30th June 2017 reflects cash and cash equivalents balance of Kshs.12,898. However, bank reconciliation statements as at the same date reflects unpresented cheques totaling Kshs.30,190,143 which include stale cheques amounting to Kshs.88,600. However, no explanation was given for failure to reserve stale cheques in the cash book. The accuracy of cash and cash equivalents balance of Kshs.12,898 could therefore not be confirmed.

Management Response

623. The stale cheques amounting to Kshs.88,600 had not been reversed in the cash book by the year-end. Management has since reversed the stale cheques in the accounting records and made the necessary adjustments.

Committee Observation

624. The Committee observed that the matter was adequately addressed and resolved.

b) Budget Performance

625. According to the summary statement of appropriation for the year ended 30th June 2018, Embakasi West NG-CDF had budgeted to receive and spend Kshs.141,374,164 respectively. However, the actual receipt and total expenditure were 85,213,849 and Kshs.85,200,951 respectively. No satisfactory explanations were provided by the management for the resultant under-receipt of Kshs.56,160,315 or 40% and under expenditure of Kshs.56,173,213 or 40% of total Budget.

Management Response

626. The under-receipt of Kshs.56,160,315 (40%) was due to delays in the release of funds from the National Government Constituencies Development Fund (NG-CDF) Board, which were beyond the Fund's control. Consequently, expenditure was also lower by Kshs.56,173,213 (40%) as disbursements could only be made against the actual funds received. Management confirmed that all funds were received, as evidenced by AIEs received, and that expenditures were incurred in line with approved projects and activities.

Committee Observation

627. The Committee observed that the matter was adequately addressed and resolved.

3.6.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Cash and Cash Equivalents - Un-updated Cash Book

628. Examination of the bank reconciliation statements for June 2019 revealed receipts in the bank statement totaling Kshs.457,594 not yet recorded in cashbook. No explanation has been provided for failure to update the cashbook with the above receipts contrary to regulations 90(3) of the public Finance Management regulations 2015. Consequently, the cashbook balance as at 30th June 2019 is understated by Kshs.457,594.

Management Response

629. Receipts in the bank statement not in the cash book amounted to Kshs.457,593.60 and were savings from PMC accounts as follows: 16.4.2019 - Mowlem Supaloaf PMC A/C Closure - Kshs. 179,485.95; 25.6.2019 - Access Road to various schools PMC A/C Closure - Kshs.278,107.65. Following closure, the respective balances were transferred back to the Main Account, debited in the cash book and reallocated to other projects.

Committee Observation

630. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalents - Stale Cheques Not Reversed

631. In the bank reconciliation statement for June 2019 reflects outstanding cheques amounting to Kshs.301,765 which had stayed beyond 6 months at 30th June 2019 and therefore stale. The stale cheques had not been reversed in the cash book and therefore the value of cash balance as at 30th June 2019 is understated by Kshs.301,765. Consequently, the accuracy and completeness of cash and cash equivalent balance of Kshs.30,713,623 cannot be confirmed.

Management Response

632. Outstanding cheques amounting to Kshs.301,765 which had remained unpresented for over six months were not reversed in the cash book at year-end. Management reversed them, as evidenced by a copy of the cash book showing the reversal.

Committee Observation

633. The Committee observed that the matter was adequately addressed and resolved.

c) Presentation of Financial Statements

634. The statement of assets and liabilities as at 30th June 2019 has been presented as the statement of financial position, contrary to the format prescribed by the NG-CDF Board. Under the circumstances, the presented financial statements are not compliant with the IPSAS.

Management Response

635. Management noted the requirement to comply with the International Public Sector Accounting Standards (IPSAS) and the NG-CDF Board reporting guidelines. Measures have been put in place to ensure that future financial statements are prepared and presented in the format prescribed by the NG-CDF Board and in full compliance with IPSAS.

Committee Observation

636. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance

637. Examination of the financial statements for NG-CDF Embakasi West Constituency revealed that the fund had an approved budget of Kshs.164,094,650 against actual expenditure of Kshs.69,119,757 resulting in budget underutilization of Kshs.94,974,893 or 58% of the approved budget amount. Further, the summary statement of appropriation: recurrent and development combined shows receipt of Kshs.64,310,167 resulting from the difference receipt approved budget of Kshs.164,094,650 and actual receipts of 99,784,483. Consequently, planned and approved projects were not fully implemented due to failure by the Board to fund the approved projects contrary to section 14(c) and 37(2) of NG-CDF act 2015.

Management Response

638. The under-utilization of the budget amounting to Kshs.94,974,893 (58%) and the shortfall in receipts of Kshs.64,310,167 against the approved budget of Kshs.164,094,650 were primarily due to delays in fund releases by the NG-CDF Board. As a result, some planned and approved projects could not be fully implemented during the financial year. Management confirms that funds were received and all expenditures were incurred within the actual funds received.

Committee Observation

639. The Committee observed that the matter was adequately addressed and resolved.

3.6.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Inaccurate Cash and Cash Equivalents

640. As disclosed in Note 10A to the financial statements, the statement of asset and liabilities as at 30 June 2020 reflects comparative bank balance of Kshs.30,713,623 while closing balance for the year 2018/2019 was Kshs.35,574,985 resulting to unreconciled difference of Kshs.4,861,362. Further, the statement reflects bank balances of 1,623,984 for the year ended 30 June 2020 while explanatory note 10A reflects Kshs.3,480,289 resulting in a variance of Kshs.1,856,305. In addition, a review of the bank reconciliation statement as at 30 June 2020 provided for audit revealed that stale cheques amounting to Kshs.157,421 were included in the bank reconciliation for the year ended 30 June 2020 as unpresented cheques without being reversed in the cash book to reflect the actual cash and cash equivalents. In the circumstances, the completeness and accuracy of the cash and cash equivalent balances of Kshs.1,623,984 as at 30 June 2020 could not be confirmed.

Management Response

641. Management confirmed that the closing balance to be Kshs.30,713,623 and the bank balance as Kshs.35,574,985. The variance represents the reconciling items in the bank reconciliation. Additionally, stale cheques amounting to Kshs.157,421 were included in the bank reconciliation as unpresented cheques but were not reversed in the cash book. Management has since updated the cash book to reverse the stale cheques and reconcile all bank balances, ensuring that cash and cash equivalents accurately reflect the actual position as at 30th June 2020.

Committee Observation

642. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccurate Transfer from CDF Board

643. As disclosed in note 1 to the financial Statements, the statement of receipt and payments as at 30 June 2020 reflects Kshs.56,052,000 in respect of total receipts which include Kshs.56,000,000 for transfer in from CDF Board-AIE received. However, the summary statement of appropriation - recurrent and development combined reflects an amount of Kshs.86,713,623 in respect of transfers from CDF board amounting to un reconciled variance of Kshs.30,661,623. Consequently, the accuracy and completeness of the transfers from CDF Board of Kshs.56,052,000.

Management Response

644. The variance of Kshs.30,661,623 between the total receipts as disclosed in Note 1 to the financial statements and the summary statement of appropriation is the opening cashbook balance.

Committee Observation

645. The Committee observed that the matter was adequately addressed and resolved.

c) Budget and Budgetary Control

646. The summary statement of appropriation - recurrent and development combined reflects a final receipt budget and actual on comparable basis of Kshs.232,342,615 and 86,765,623 respectively resulting to under collection Kshs.145,628,992 or 63% of the budgeted receipts. Further, the statement reflects a total expenditure of Kshs.232,342,615 against actual comparable basis of 85,141,639 to under expenditure of Kshs.147,200,976 or 63% of budgeted expenditure. The underfunding and under expenditure may have affected the planned activities and negativity impacted on service delivery to the constituency.

Management Response

647. The variance between the budgeted receipts of Kshs.232,342,615 and actual receipts of Kshs.86,765,623, resulting in an under-collection of Kshs.145,628,992 (63%), as well as the under-expenditure of Kshs.147,200,976 (63%) against the approved budget, was primarily due to delays in the NG-CDF Board's release of funds. Consequently, planned projects and activities could not be fully implemented during the year, which may have affected service delivery to the constituency. Management confirmed that all expenditures were incurred within the funds actually received and in line with approved projects.

Committee Observation

648. The Committee observed that the matter was adequately addressed and resolved.

3.6.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Budgetary Control and Performance

649. The summary of appropriation budget versus actual amounts reflects a final expenditure budget of Kshs.284,775,173 against actual expenditure Kshs.124,333,286 resulting to budget under absorption of Kshs.160,441,887 or 56% of the budgeted funds. In addition, the summary statement of appropriation reflects a final receipt budget of Kshs.284,775,173 against actual receipt of Kshs.160,718,568 resulting to shortfall of budgeted receipts of 124,056,605 or approximately 44% of the budgeted funds. The underfunding and under performance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

650. The variance between the final expenditure budget of Kshs.284,775,173 and actual expenditure of Kshs.124,333,286, resulting in under-absorption of Kshs.160,441,887 (56%), as well as the shortfall in receipts of Kshs.124,056,605 (44%) against the approved budget, was primarily due to delays in the NG-CDF Board's release of funds. Consequently, some planned activities and projects could not be fully implemented during the year, which may have impacted service delivery to the public. Management confirmed that funds were disbursed to the constituency and that all expenditures incurred were within the funds received and aligned with approved projects.

Committee Observation

651. The Committee observed that the matter was adequately addressed and resolved.

b) Failure to Submit Monthly Bank Reconciliation Statements for Audit

652. During the financial year 2020/2021 the management of the fund failed to submit monthly bank reconciliation statements to the Office of the Auditor-general. This was contrary to regulation 90(1) of the Public Finance Management Regulations 2015 which requires the accounting officer to ensure bank accounts reconciliations are completed for each bank account and submit the reconciliations not later than 10th of the subsequent month to the National Treasury and Auditor-General. In circumstances, management was in breach of the law.

Management Response

653. Management confirmed that the file containing the bank reconciliation was wrongly misfiled, which was traced and submitted to the auditor.

Committee Observation

654. The Committee observed that the matter was adequately addressed and resolved.

c) Failure to Constitute Bursary Committee

655. The management did not establish a sub-committee of Education Bursary, Mock Examination and Continuous Assessment test whose core mandate is vetting of applicants. This way contrary to the provision of circular no. NG-CDF/CEO/BOARD CIRCULAR VOL II (021) of 18 June 2018.

Management Response

656. Management duly constituted the Bursary Sub-Committee in compliance with the circular. The committee is fully functional and vets bursary applicants in accordance with the approved guidelines.

Committee Observation

657. The Committee observed that the matter was adequately addressed and resolved.

d) Irregular Branding of Projects

658. Audit inspection conducted on 7 April 2022 on the implementation projects revealed various instances of noncompliance with the law in branding of projects implemented. The projects were branded with name of the area Member of Parliament and Member of the County Assembly. This was contrary to section 25(3) of the NG-CDF Act 2015 which states that funds provided shall not be used for purpose of supporting political bodies or political activities. In the circumstances, management was in breach of the law.

Management Response

659. Management has since taken corrective measures to ensure compliance with the law, including by issuing internal guidelines to project managers and contractors prohibiting political branding of NG-CDF-funded projects and enhancing supervision and monitoring of project implementation to ensure that funds are used solely for their intended purpose. Further, management took a corrective measure by undertaking a rebranding exercise. All projects have been well branded.

Committee Observation

660. The Committee observed that the matter was adequately addressed and resolved.

e) Delay In Project Implementation

661. During the year 2020/2021 financial year, NG-CDF Board approved projects in Primary and Secondary Schools valued at Kshs.69,863,175. However, review of the transfers to the Project Management Committees accounts in relation to projects revealed that Management transferred funds amounting to Kshs.24,273,820 relating to projects approved for the financial year 2020/2021 translating to approximately 35% of the total approved projects. In the circumstances, the value for money for the delayed projects to the public could not be confirmed.

Management Response

662. Delays in fund release from the NG-CDF Board resulted in slow project implementation. Consequently, some projects could not be implemented on time. The project was implemented late and put into use.

Committee Observation

663. The Committee observed that the matter was adequately addressed and resolved.

3.6.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Cash and Cash Equivalents

664. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.13,101,098 as disclosed in Note 10A to the financial statements. However, review of the bank reconciliation statements for balances as at 30 June 2022 revealed unpresented cheques totaling to Kshs.5,344,621 which date back to 25 February, 2022. The Management did not provide details on when the cheques were cleared and the status of the stale cheques. Further, the statement reflects a payment in bank statements not yet recorded in the cash book, described as overpayment of Kshs.45,000. The basis for the over payment was not provided. No explanation was provided for not recording the transactions in the cashbook contrary to regulation 90(3) of public finance management (National Government) regulations 2015 which states that accounting officers shall ensure any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cashbook.

Management Response

665. The unpresented cheques totaling Kshs.5,344,621, some of which date back to 25th February 2022, arose due to delays in presentation by beneficiaries. Management reversed stale cheques and updated the cash book. Regarding the overpayment of Kshs.45,000 reflected in the bank statement but not yet recorded in the cash book, management investigated the transaction and took corrective measures to update the cash book accordingly.

Committee Observation

666. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance

667. The Summary statement of appropriation revealed the fund budgeted to receive Kshs.297,530,768 from the CDF Board out of which the Board remitted Kshs.197,474,164 resulting in a deficit of Kshs.100,056,604 equivalents to 34% of the budget. Similarly, a final expenditure budget of Kshs.297,530,768 against actual expenditure of Kshs.184,373,066

resulting in budget under-utilization of Kshs.113,157,702 equivalents to 38% of the approved budget. As a result, the fund did not implement planned and approved projects in accordance with the approved programme thereby denying residence of Embakasi West Constituency services. In addition, it was observed that out of a budget of Kshs.134,936,898 under other grants and transfers, only an amount of Kshs.100,706,200 was utilized resulting in unutilized amount of Kshs.34,230,693 or 25% of budgeted amount. Subsequently, out of a budget of Kshs.115,956,486 under transfers to other Government entities, only an amount of Kshs.70,056,486 was utilized to an unutilized amount of Kshs.45,900,000 or 40% of the budgeted. No reason was provided for the significant amount unutilized funds. Further, the budget execution by sectors and projects reflects expenditure in excess of budgeted amounts of Kshs.733,574 and Kshs.704,934 in respect of committee allowances and use of goods and services. The authority for the over expenditure was not provided. This is an indication that the constituency management did not implement the budget as approved by the Board. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residence of Embakasi West Constituency.

Management Response

668. The variance between the approved receipts of Kshs.297,530,768 and actual receipts of Kshs.197,474,164, resulting in a shortfall of Kshs.100,056,604 (34%), as well as under-utilisation of the expenditure budget by Kshs.113,157,702 (38%), arose primarily from delays in fund releases from the NG-CDF Board. Regarding unutilized funds under other grants and transfers (Kshs.34,230,693 or 25% of the budget) and transfers to other Government entities (Kshs.45,900,000 or 40% of the budget), the underutilization was due to delays in fund releases and project implementation schedules beyond the financial year. Funds were received, and projects were implemented successfully. The minor over-expenditure of Kshs.733,574 on committee allowances and Kshs.704,934 on goods and services was within the limits of actual fund availability and was covered by internal borrowing from other votes which still qualify for administrative use.

Committee Observation

669. The Committee observed that the matter was adequately addressed and resolved.

c) Irregular Issuance of Bursary

670. The statement of receipts and payments and the corresponding Note 7 to the Financial Statements indicate that a total payment of Kshs.100,706,200 in respect of other grants and transfers were made during the year under review. Included in this expenditure is Kshs.84,060,000 which related to bursaries in respect of secondary schools totaling to Kshs.44,650,000 and tertiary institutions totaling Kshs.39,410,000. However, the following anomalies were observed:

671. The management has not provided evidence of formation of the Education bursary, Mock examinations and Continuous assessment tests committee whose core mandate is vetting of applicants.An examination of a sample of the application forms revealed that all of the forms had no evidence of vetting by Education bursary, Mock examinations and Continuous assessment tests Committee.

672. The chairman or the secretary of the vetting committee did not sign the application form as proof of approval or rejection of the application. It was not possible to confirm the number of

bursaries awarded to the successful applicants, since there was no indication on the application form.

673. The minutes of the vetting committee and the details of the successful applicants was not provided during the audit review. The total bursaries of Kshs.84,060,000 formed 53% of funds allocated. This is contrary to the law as it formed more than thirty-five per centum of the total funds allocated for constituency in the year under review. In circumstances, regularity and authenticity of bursaries of Kshs.84,060,000 could not be confirmed.

Management Response

674. Management has since constituted the committee in compliance with the NG-CDF guidelines and circular No. NG-CDF/CEO/BOARD CIRCULAR VOL II (021) of 18th June 2018. Management confirms that the omission of the Chairman's or Secretary's signature on some bursary application forms occurred due to an oversight during the vetting process, which is highly regretted. Management further confirms that the minutes of the vetting committee meetings and the details of the successful applicants have since been made available for audit verification. Regarding the indication of bursary amounts on the application forms, management has sampled some of the forms the applicant applied. With respect to the bursary allocation, which constituted 53% of the total funds allocated during the year under review, management confirms that the bursary amounts include rollovers from previous years and are therefore not in contravention of the law.

Committee Observation

675. The Committee observed that the matter was adequately addressed and resolved.

d) Failure to Implement Classrooms Project

676. The statement of receipt and payment and as disclosed in note 6 to the financial statements reveal that NG-CDF Embakasi West Constituency made transfers to other Government entities amounting to Kshs.70,056,486 and Kshs.58,056,486 to primary School and Kshs.12,000,000 to secondary Schools. Audit inspection carried out on 14 March, 2023 revealed that the project worth Kshs.12,000,000 for construction of classrooms at Dr Mwenje Secondary School had not been implemented despite the amount being transferred to the PMC Account on 31 May, 2022. In the circumstances, the value for money for the delayed projects to the public could not be confirmed.

Management Response

677. The delay in implementing the project valued at Kshs.12,000,000, despite funds being transferred to the Project Management Committee (PMC) account on 31st May 2022, was due to delays in procurement processes and contractor mobilization. Management has since engaged the relevant contractors and project implementation is now ongoing. The project has been implemented and is in use.

Committee Observation

678. The Committee observed that the matter was adequately addressed and resolved.

e) Failure to Submit Monthly Bank Reconciliation Statements for Audit

679. During the year the fund management did not submit monthly bank reconciliation statements for audit, contrary to section 90(1) of the Public Finance Management Act. In the circumstances, management was in breach of the law.

Management Response

680. The delays in submission were due to misfiling of reconciliations, which affected the timely availability of reconciliations. The reconciliation has since been submitted for review.

Committee Observation

681. The Committee observed that the matter was adequately addressed and resolved.

f) Unutilized Project Management Committee (PMC) Funds

682. The Fund Board approved projects in primary and secondary schools valued at Kshs.70,056,486 for implementation during the year under review. However, review of 16 PMCs accounts in relation to prior years' projects revealed that a PMC balance of Kshs.14,628,732. For projects which were completed and in use. No explanation has been provided for not refunding back the Funds to the Constituency Account, despite the project's implementation status provided indicating that the projects were complete and in use. This is contrary to section 12(8) of the national Government Constituency Development Fund Act, 2015, Which requires such funds to be refunded. In the circumstances, Management was in breach of law.

Management Response

683. Management acknowledged the Auditor's observation regarding unutilized Project Management Committee (PMC) funds totaling Kshs.14,628,732 from prior years' projects that had been completed and were in use. These projects were still ongoing, and other balances comprised retention balances paid after the defect liability period expired.

Committee Observation

684. The Committee observed that the matter was adequately addressed and resolved.

g) Irregular Branding of Projects

685. Inspection of projects implemented by Embakasi West Constituency carried out on 14 March, 2023 revealed that the projects implemented at Umoja 1 Primary School, Mowlem Supa Loaf Primary School and Unity Primary School. The projects were branded with the Name of the area Member of Parliament. Similarly, the desks and chairs supplied to Busara Primary School were branded with the name of the area Member of Parliament. This is contrary to section 25(3) of National Government Fund Act 2015, which require such branding to be in the name of the Constituency and not in the name of any individual. Under circumstances, Management was in breach of law.

Management Response

686. Management has since taken corrective measures to ensure compliance with the law, including by issuing internal guidelines to project managers and contractors prohibiting political branding of NG-CDF-funded projects and enhancing supervision and monitoring of project implementation to ensure that funds are used solely for their intended purpose. Management has done proper branding.

Committee Observation

687. The Committee observed that the matter was adequately addressed and resolved.

3.6.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Inaccuracies in Cash and Cash Equivalents

688. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.78,410,451 as disclosed in Note 12A to the financial statements. However, the management did not maintain a deposit account for holding third party monies Which were not disclosed in financial statements. Further, review of bank reconciliation statements revealed receipts in bank not recorded in the cash book totaling Kshs.638,896 explained to be unreceipted cheques from close project bank accounts. In the circumstances, the accuracy of the cash and cash equivalent balance of Kshs.78,410,451 could not be confirmed.

Management Response

689. Regarding the non-maintenance of a deposit account for holding third-party monies at the time of the audit. Management clarified that the process of opening the deposit account had already been initiated and was at the National Treasury approval stage during the audit period. The account was subsequently opened after the necessary approvals were obtained. Evidence of the approval, including the letter from the National Treasury, minutes of the NG-CDFC approving the opening of the account, and the account number, has since been availed for audit verification. The receipts amounting to Kshs.638,896 reflected in the bank statements but not recorded in the cash book relate to cheques received from the closure of completed project bank accounts. The delay in recording the transactions arose from delays in submitting the closure documents and remittance advice to the Constituency office. Management has since updated the cash book to capture the receipts accordingly.

Committee Observation

690. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Project Management Committee Balances

691. Annex 5 to the financial statements reflects project management committee (PMC) bank balance of Kshs.47,587,746. However, the cashbook bank reconciliation statements and certificates of bank balances for the individual PMC accounts were not provided for audit. Further, annex 5 to the financial statements reflects Nil balance in respect of two (2) PMC accounts which were also not supported. In the circumstances, the accuracy and completeness of the PMC bank balance of Kshs.47,587,746 could not be confirmed.

Management Response

692. The delay in providing the cashbooks, bank reconciliation statements, and certificates of bank balances for the PMC accounts occurred because some Project Management Committees had not submitted their end-of-year financial documentation to the Constituency office at the time of the audit. Management has since engaged the respective PMC officials and obtained the required documents to support the reported balances. Regarding the two PMC accounts reflecting Nil balances, the projects had already been completed, and the accounts were closed after transferring the remaining balances to the constituency project account in accordance with the applicable guidelines. Supporting documentation confirming the account closures and transfers has since been availed.

Committee Observation

693. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Bursary Disbursements

694. The Statement of receipt and payments reflects other grants and transfers amount of Kshs.48,060,000 and as disclosed in Note 8 to the financial statements which include bursary payments amounting to Kshs.26,680,000, Kshs.13,620,000 and Kshs.1,360,000 disbursed to secondary schools, tertiary institutions and special schools respectively both totaling Kshs.41,660,000. However, no acknowledged letter from beneficiaries were provided for audit.

Management Response

695. The bursary funds were disbursed directly to the respective learning institutions on behalf of the beneficiaries based on the approved bursary lists by the Constituency Bursary Committee. At the time of the audit, the constituency office had not yet compiled and filed acknowledgement letters from some beneficiary institutions. Management has since followed up with the respective institutions and obtained acknowledgement letters and payment confirmation schedules for the bursary funds received. These documents confirm that the funds were received and credited to the students' fee accounts as intended.

Committee Observation

696. The Committee observed that the matter was adequately addressed and resolved.

d) Failure to Return Unutilized Funds

697. Note 18.4 reflects Project Management Committees (PMC) balances totaling Kshs.47,587,746 as disclosed in Annex 5 to the financial statements. However, review of schedules and Project Implementation Status reports revealed twenty (20) completed project with un-utilized bank balances of Kshs.2,505,223 which had not been transferred to the Fund bank account. This was contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that all unutilized funds of the Project Management Committees shall be returned to the Constituency account. In the circumstances, management was in breach of law.

Management Response

698. The delay in transferring the unutilized balances arose because the respective Project Management Committees had not finalized the closure process for the project accounts at the time of the audit. This included completion of final project reports, bank reconciliations, and authorization procedures required before closure of the accounts and transfer of remaining funds. Management has since engaged the affected PMCs and initiated the process of closing the completed project accounts. Arrangements have been made to transfer the unutilized balances to the Constituency Fund account in compliance with the Act. Evidence of the transfers and account closures was provided for audit verification.

Committee Observation

699. The Committee observed that the matter was adequately addressed and resolved.

e) Irregular Branding of Projects

700. Physical inspection of implemented projects carried out in March, 2024 revealed that projects at Dr. Mwenje Secondary School, Kifaru Primary School, Peter Kibukosya Primary School and Mowlem Police Post were branded using the names of the area Member of Parliament. This was contrary to Section 25(3) of the National Government Constituencies Development

Fund Act, 2015 which states that funds provided shall not be used for the purpose of supporting political bodies or political activities or for supporting religious bodies or religious activities. In the circumstances, management was in breach of law.

Management Response

701. Management has since issued guidance to Project Management Committees and contractors to ensure that all NG-CDF funded projects are branded in accordance with the Act and the NG-CDF Board guidelines, specifically indicating the project name and the Constituency rather than any individual. Branding has been properly done.

Committee Observation

702. The Committee observed that the matter was adequately addressed and resolved.

f) Lack of Constituency Bursary Committee

703. Note 8 to the financial statements reflects bursaries to secondary schools, tertiary institutions and special schools amounting to Kshs.41,660,000. However, Management did not provide evidence of formation of the Education Bursary, Mock Examinations and Continuous Assessment Tests Committee to vet bursary applicants. This was contrary to Regulation 21(3) of the National Government Constituencies Development Fund Regulations, 2016 which states that a Constituency Committee shall vet all applicants for bursary consideration in accordance with guidelines issued by the Board and every constituency shall establish a Sub-Committee for effective and efficient administration of education bursary schemes, mock examinations and continuous assessment tests. In the circumstances, management was in breach of law.

Management Response

704. Management have constituted the Education Bursary, Mock Examinations and Continuous Assessment Tests Sub-Committee in accordance with the Regulations. The committee is responsible for vetting bursary applications, reviewing supporting documents and recommending beneficiaries to the Constituency Committee for approval.

Committee Observation

705. The Committee observed that the matter was adequately addressed and resolved.

g) Unutilized Funds for Construction of Classrooms

706. During the year under review an amount of Kshs.18,000,000 was disbursed to Uhuru Estate and Busara primary schools project management committees for the construction of four (4) classrooms in each school. However, physical inspection done in March, 2024 revealed that the construction had not commenced. No explanation was provided for the delays in commencing the construction.

Management Response

707. The delay in project commencement arose because the projects had to be funded in phases. More funding was allocated and Management has since engaged the respective contractors and instructed the PMCs to expedite the commencement of the classroom construction projects and project were later executed.

Committee Observation

708. The Committee observed that the matter was adequately addressed and resolved.

3.7 Embakasi East Constituency

709. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Embakasi East Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.7.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Acquisition of Assets

710. The statement of receipts and payments reflects expenditure on acquisition of assets of Kshs.1,999,100 during the year under review but the summary of fixed assets register at Annex 4 to the financial statements reflects a movement of Kshs.2,272,100 resulting in unexplained difference of Kshs.273,000.

Management Response

711. An error occurred while posting the fixed assets summary, and management confirmed the actual fixed assets figure as Kshs.1,999,100. This was corrected in the subsequent financial year statement.

Committee Observation

712. The Committee observed that the matter was adequately addressed and resolved.

b) Other Grants and Transfers - Bursaries

713. As disclosed at Note 7 to the financial statements, the Fund spent Kshs.37,353,500 on bursaries to secondary and tertiary institutions during the year under review. However, by the end of the financial year, cheques totalling Kshs.19,365,250 had not been presented for payment by the recipients. Further, unpresented bursary cheques totalling Kshs.1,570,750 had gone stale as of 30 June, 2017. The management did not explain why the cheques had not been presented even though they were issued to needy and deserving students. The management did not also explain why the stale cheques had not been reversed in the cashbook and re-issued. The un-presented bursary and stale cheques may be an indicator that the evaluation process and final disbursements were not done appropriately and fairly. In the circumstances, the validity of the expenditure incurred on other grants and transfers cannot be confirmed.

Management Response

714. By the end of the financial year, the recipient had not presented cheques totalling Kshs. 19,365,250 for payment. These cheques were issued on 12th June 2017 and were not presented by 30th June 2017. The stale cheques were reversed and replaced.

Committee Observation

715. The Committee observed that the matter was adequately addressed and resolved.

c) Bank Balances

716. The statement of financial assets reflects a bank balance of Kshs.9,757,012.69 as at 30 June 2017 and as disclosed at Note 10A to the financial statements. A review of bank reconciliation for June 2017 revealed un-presented cheques totalling Kshs.21,033,746 out of which cheques of Kshs.66,155 had gone stale as at 30 June 2017. In addition, the reconciliation statement reflects bursary cheques totalling Kshs.786,002 which appeared as payments in the bank statement but not recorded in the cashbook. It was not clear how the bank account was debited without corresponding entries in the cashbook. Consequently, the accuracy of the bank balance of Kshs.9,757,012.69 cannot be confirmed.

Management Response

717. The stale cheques related to statutory deductions were reversed and replaced accordingly. The payments have since been posted in the cashbook. The cashbook extract and bank reconciliation have since been availed for audit review.

Committee Observation

718. The Committee observed that the matter was adequately addressed and resolved.

d) Net Financial Position

719. The statement of financial assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.9,757,012.28, being the difference between the brought forward fund balance of Kshs.14,102,938.28 and the deficit for the year of Kshs.4,345,926. No explanation has been provided for this anomaly.

Management Response

720. The template provided reflected net liabilities instead of net financial position; however, the Board has amended the template to reflect net financial position.

Committee Observation

721. The Committee observed that the matter was adequately addressed and resolved.

e) Non-implementation of Projects (Other Matter)

722. A review of the project implementation status for the year under review indicates that projects worth Kshs.21,000,000 had not been implemented as at 30 June, 2017. The projects entailed purchase of school buses for Utawala Secondary School, Mihango Secondary School and Embakasi Garrison Secondary School. The management did not explain why the projects were not implemented as budgeted. Failure to implement projects in the stipulated time frame impacted negatively on delivery of services to the constituents of Embakasi East.

Management Response

723. The school busses for Utawala Secondary School, Mihango Secondary School and Embakasi Garrison Secondary School buses were purchased and handed over to the school. Logbooks and photos were provided for review.

Committee Observation

724. The Committee observed that the matter was adequately addressed and resolved.

f) Budget and Budgetary Controls (Other Matter)

725. During the year under review, the Fund's budgeted expenditure amounted to Kshs.137,850,205.86. However, overall actual expenditure for the year amounted to Kshs.93,012,052 resulting in an under expenditure of Kshs.44,838,153.86 which is equivalent to or about 33% of the total budget. The under expenditure was mainly on transfers to other government units - Kshs.23,630,222 and other grants and transfers - Kshs.20,449,073. Further, analysis of the budget against actual expenditure indicates that out of the development budget of Kshs.129,393,772, an amount of Kshs.85,314,259 was spent resulting in an under expenditure of Kshs.44,079,513, or a 34% shortfall. This implies low investment in development projects which impacted negatively on service delivery to the constituents. In addition, the Fund budgeted to receive Kshs.143,850,206 in the year under review. However, actual receipts from the Board amounted to Kshs.102,769,065 resulting in a deficit of Kshs.41,081,141. The under-funding is an indication that approved programs could not be fully implemented.

Management Response

726. Underfunding and under-expenditure resulted from delays in the disbursement of funds. The funds were later received and utilised efficiently.

Committee Observation

727. The Committee observed that the matter was adequately addressed and resolved.

3.7.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) on-Implementation of Projects

728. Examination of budget documents revealed that the Embakasi East NG-CDF had not implemented as at the 30 June 2018 projects amounting to Kshs.17,113,233.90 as shown:

Table 19: Embakasi East Constituency, FY 2017/2018 – on-Implementation of Projects

No	Project Name	Amount- Kshs
1	Tassia market road 1.6km	8,286,112.00
2	Vumilia access center road 0.6km	1,713,888.00
3	NG-CDF Office furniture	700,000.00
4	Embakasi Garrison Sec School	1,736,206.90
5	Mihango Chiefs Office	1,169,256.75
6	Embakasi Garrison Sec School	1,169,256.75
7	Utawala Secondary school	1,169,256.75
8	Soweto Chiefs Office	1,169,256.75
	TOTAL	**17,113,233.9**

729. Failure to implement the planned projects and programmes impacted negatively on service delivery to the constituents.

Management Response

730. Tassia Market Road 1.6 Km, Vumilia access center road 0.6 km, NGCDF office furniture and Embakasi Garrison Sec school have been implemented to completion. Mihango Chiefs Office, Embakasi Garrison Sec School, Utawala Secondary School and Soweto Chiefs Office were reallocated to fund bursaries.

Committee Observation

731. The Committee observed that the matter was adequately addressed and resolved.

3.7.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Unreconciled and Unrecorded Figures in Cash and Cash Equivalents

732. The statement of assets and liabilities for the year ended 30 June, 2019 reflects cash and cash equivalents balance of Kshs.28,785,832. However, the bank reconciliation statement in support of cash and cash equivalents balance reflects payments in bank statement not yet recorded in the cash book totalling Kshs.2,622,362. The statement further includes long outstanding transfer charges of Kshs.2,530 dated from 11 February, 2016 to 1 September, 2017, and payments amounting to Kshs.678,000 dated from 11 February, 2016 to 20 December, 2016 which have not been recorded in the cash book. Further, the Constituency Development Fund Management explained that the Kshs.678,000 was lost due to a forgery committed by one of the staff members. No efforts appear to have been made to recover the amount from the employee and clear the balance from the books of accounts, contrary to Regulation 90 of the Public Finance Management (National Governments) Regulations, 2015. In the circumstances, the validity and completeness of the cash and cash equivalents balance of Kshs.28,785,832 as at 30 June, 2019 could not be confirmed.

Management Response

733. The payments have since been updated in the cashbook.

Committee Observation

734. The Committee observed that the matter was adequately addressed and resolved.

b) Accuracy of the Financial Statements

735. As disclosed under note 1 to the financial statements, the statement of receipts and payments for the year ended 30 June, 2019 reflects Kshs.106,284,483. However, the summary statement of appropriation: recurrent and development combined reflects receipts of Kshs.117,920,371 resulting to unexplained difference of Kshs.11,635,888. Consequently, the validity and accuracy of the receipts of Kshs.106,284,483 reflected in the statement of receipts and payments, for the year ended 30 June, 2019 could be confirmed.

Management Response

736. The difference between the statement of receipts and payments and the summary statement of appropriation receipt amount of Kshs.11,635,888 is the opening cashbook balance for the year.

Committee Observation

737. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance (Other Matter)

738. The statement of appropriation - recurrent and development reflects final receipts budget and actual on comparable basis of Kshs.172,461,246 and Kshs.117,920,371 respectively resulting to an under-funding of Kshs.54,540,876 or 32% of the budget. Similarly, the Fund spent Kshs.89,134,539 against an approved budget of Kshs.172,461,246 resulting to an under-expenditure of Kshs.83,326,707 or 48% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Embakasi East Constituency.

Management Response

739. The underfunding and underperformance were due to delays in the Exchequer's disbursement of funds. However, the funds were received, and the project was completed.

Committee Observation

740. The Committee observed that the matter was adequately addressed and resolved.

3.7.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Inaccurate Cash and Cash Equivalents

741. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.38,585,171. However, the June, 2020 bank reconciliation in support of the balance indicates long outstanding payments in bank statement not yet recorded in cash book totaling Kshs.721,112 which relates to forgery that occurred in the financial year 2016/2017. Other than reporting the forgery to the DCI vide OB. Number 26/25/4/2017, no evidence has been provided showing measures taken to have the matter concluded. Further, the cashbook had not been updated with the long outstanding payments contrary to Regulation 90(3) of the Public Finance Management (National Government) Regulations, 2015. Consequently, the accuracy and completeness of cash and cash equivalent balance of Kshs.38,585,171 as at 30 June, 2020 could not be confirmed.

Management Response

742. The cashbook was updated and the amounts were posted in the cashbook.

Committee Observation

743. The Committee observed that the matter was adequately addressed and resolved.

Other Matter

b) Budgetary Control and Performance

744. The statement of appropriation - recurrent and development combined reflects final receipts budget of Kshs.220,694,632 against actual receipts of Kshs.96,785,832 resulting to under collection of Kshs.123,908,800 equivalent to 56% of the budgeted receipts. Similarly, the statement reflects, final expenditure budget of Kshs.220,694,632 against actual expenditure of Kshs.58,200,661 resulting to under expenditure of Kshs.162,493,971 equivalent to 74% of the approved budget. Based on the approved estimates, under funding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

745. Underfunding and under expenditure were occasioned by delay in disbursements of funds. The funds were later received and utilised efficiently.

Committee Observation

746. The Committee observed that the matter was adequately addressed and resolved.

3.7.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Unsupported Payment of Committee Allowances

747. The statement of receipts and payments reflects use of goods and services expenditure totalling to Kshs.11,481,143 which includes committee allowances amounting to Kshs.2,779,000 as disclosed in Note 5 to the financial statements. However, payments amounting to Kshs.541,000 were not supported with the attendance registers, minutes of the meetings and list of beneficiaries. In the circumstances, the accuracy and completeness of committee allowances amounting to Kshs.541,000 could not be confirmed.

Management Response

748. Management provided the auditor with attendance registers, meeting minutes, and the list of beneficiaries for review.

Committee Observation

749. The Committee observed that the matter was adequately addressed and resolved.

b) Unreconciled Cash and Cash Equivalents

750. The statement of assets and liabilities reflects bank balances of Kshs.10,658,943 as disclosed in Note 10A to the financial statements. Review of the bank reconciliation statement reflects payments in cash book not recorded in bank statement totalling to Kshs.6,239,142 out of which an amount of Kshs.737,178 related to stale cheques that dated back to November, 2017. Further, the stale cheques also included statutory deductions that had not been remitted to the Kenya Revenue Authority (KRA) and the National Hospital Insurance Fund (NHIF) amounting to Kshs.440,719 and Kshs.4,400, respectively. The Management did not explain why the stale cheques had not been reversed in the cashbook as at 30 June, 2021. In addition, the bank reconciliation statement for the month of June, 2021 revealed long outstanding payments in the bank statement not yet recorded in cash book totaling to Kshs.721,112 which relates to a forgery that was carried in the financial year 2016/2017. Other than reporting the forgery to the Directorate of Criminal Investigations (DCI) vide OB. Number 26/25/4/2017, no evidence was provided on measures the Management has taken to have the matter concluded. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.10,658,943 could not be confirmed.

Management Response

751. Stale cheques were reversed and replaced. The auditor was provided with the cashbook extract and bank reconciliations for review.

Committee Observation

752. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance (Other Matter)

753. The summary statement of appropriation reflects final receipts budget and actual on comparable basis totalling to Kshs.299,627,850 and Kshs.218,911,292 respectively, resulting to an underfunding amounting to Kshs.80,716,558 or 27% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.299,627,850 and Kshs.208,252,349 respectively, resulting to an under expenditure of Kshs.91,375,501 or 30% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Embakasi East Constituency.

Management Response

754. The underfunding and underperformance were as a result of delayed disbursements of funds. The funds were received and projects Implemented to completion.

Committee Observation

755. The Committee observed that the matter was adequately addressed and resolved.

d) Unresolved Prior Year Matters (Other Matter)

756. Various prior year audit issues remained unresolved as at 30 June, 2021. Management has not provided reasons for the delay in resolving the prior year audit issues.

Management Response

757. Management was awaiting an invitation from the Parliament Committee to resolve the issues.

Committee Observation

758. The Committee observed that the Management did not provide sufficient documentation to verify the matter, and the query remained unresolved.

e) Non-Compliance with Bursary Application and Awarding Guideline

759. The statement of receipts and payments reflects other grants and transfers amount of Kshs.92,120,016 which includes bursaries to secondary schools and tertiary institutions totalling to Kshs.66,509,759 as disclosed in Note 7 to the financial statements. However, review of bursary records provided revealed that there was no Education Bursary, Mock Examinations and Continuous Assessment Tests Committee in place to invite, analyze applications and make appropriate recommendations to the NG-CDF Committee. Further, the application forms used were outdated and did not conform to the prescribed template and had not been vetted. In addition, the awarded amounts to the successful applicants were not indicated on the forms. This is contrary to circular CDFB/CEO/BOARD CIRCULARS VOL II (021) dated 16 June, 2020. In the circumstances, Management was in breach of the guidelines.

Management Response

760. Minutes of the Education Bursary, Mock Examinations and Continuous Assessment Tests Committee, inviting and analysing applications and their recommendations have been provided for review. Management noted the outdated forms and updated them.

Committee Observation

761. The Committee observed that the matter was adequately addressed and resolved.

f) Failure to Report on Emergency Utilization

762. The statement of receipts and payments reflects other grants and transfers totalling to Kshs.92,120,016 which includes emergency expenditure totalling to Kshs.6,401,792 as disclosed in Note 7 to the financial statements. However, Management did not provide documentary evidence indicating that the emergency expenditure was reported to the Board using the prescribed format. This is contrary to Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which provides that the utilization of emergency reserve shall be reported to the Board within 30 days of the occurrence of emergency in the format prescribed by the Board. In the circumstances, Management was in breach of the law.

Management Response

763. Management provided the emergency report to the NGCDF Board and the auditor for review.

Committee Observation

764. The Committee observed that the matter was adequately addressed and resolved.

g) Irregularities in Transfers to Other Government Units

765. The statement of receipts and payments reflects transfers to Government entities totalling to Kshs.99,927,550 as disclosed in Note 6 to the financial statements, which includes transfers to primary and secondary schools of Kshs.42,512,769 and Kshs.57,414,781 respectively. Review of the records provided, and physical verification carried out in the Month of May, 2022 revealed instances of non-compliance with relevant authorities as enumerated below:

Construction of Toilet Block and School Laboratory at Mihango Secondary School

766. The Constituency disbursed amounts of Kshs.4,400,000 and Kshs.5,669,010 to Mihango Secondary School for construction of a toilet block and a school laboratory respectively. However, Management did not provide appointment letters of the Project Management Committee (PMC) Members, approval minutes on opening of PMC bank account and appointment of its signatories, procurement documents and project implementation progress report for audit verification. Further, review of the project file for the construction of the toilet block revealed that PMC allowances amounting to Kshs.70,000 were paid without signed attendance registers and minutes. This is contrary to Regulation 15(2) of the of the National Government Constituencies Development Fund Regulations, 2016 which provides that the Project Management Committee shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented.

Management Response

767. Management provided appointment letters of the Project Management Committee (PMC) Members, approval minutes on opening the PMC bank account and appointing its signatories, procurement documents, and the project implementation progress report for audit verification. Management also provided signed attendance registers and minutes for review.

Committee Observation

768. The Committee observed that the matter was adequately addressed and resolved.

h) Renovation of Classrooms at Edelvale Primary School

769. The Constituency disbursed a total of Kshs.7,000,000 to Edelvale Primary School for reroofing of 12 classrooms. However, the tender evaluation minutes, contract agreement, invoices and engineer completion certificates were not provided for audit review. This is contrary to Regulation 15(1b) of the of the National Government Constituencies Development Fund Regulations, 2016 which provides that the Project Management Committee shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented. In addition, physical verification carried out on 1 April, 2022 revealed that reroofing of the 12 classrooms had been completed but rain water goods for five (5) classrooms were not done.

Management Response

770. The tender evaluation minutes, contract agreement, invoices and engineer completion certificates have been provided for audit review. The rainwater works were also done.

Committee Observation

771. The Committee observed that the matter was adequately addressed and resolved.

i) Construction of Three (3) Classrooms at Maua Primary School

772. The Constituency disbursed a total of Kshs.4,500,000 to Maua Primary School for construction of three (3) classrooms. However, the project contract agreement, local purchase order, invoices, progress reports and engineer completion certificates were not provided for audit. This is contrary to Regulation 15(1b) of the of the National Government Constituencies Development Fund Regulations, 2016 which provides that the Project Management Committee shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented. Further, physical verification carried out on 1 April, 2022 established that the project was ongoing and at approximately 40% completion rate with the foundation and walling finalized and the construction works at lintel level.

Management Response

773. The project has since been fully completed.

Committee Observation

774. The Committee observed that the matter was adequately addressed and resolved.

j) Renovation of Classrooms at Embakasi Primary School

775. The Constituency disbursed a total of Kshs.13,702,264 to Embakasi Primary School for renovation of classrooms. Review of records provided revealed that the contract was awarded to a local contractor at a contract sum of Kshs.13,018,080. However, the contract was varied upwards by Kshs.650,000 within one month from the date of signing the contract contrary to Section 139(3) of the Public Procurement and Asset Disposal Act, 2015 which provides that no contract price shall be varied upwards within twelve months from the date of the signing of the contract. Further, the Accounting Officer approval of the variation in line with Section 139(1) the Public Procurement and Assets Disposals Act, 2015 which provides that an amendment or a variation to a contract resulting from a procurement proceeding is effective only if it has been approved in writing by the respective tender awarding authority within a procuring entity was not provided for audit verification. In addition, physical verification

carried out on the project on 1 April, 2022 revealed that rain water goods were not done for the five (5) classrooms.

Management Response

776. Approval for variations has since been availed for audit review. Management confirmed that the rainwater works were done for the five (5) classrooms.

Committee Observation

777. The Committee observed that the matter was adequately addressed and resolved.

k) Donholm Secondary School - Construction of Tuition Block

778. The Constituency disbursed a total of Kshs.30,713,620 to Donholm Secondary School for construction of a tuition block. Review of records provided revealed that the contract was awarded to a local contractor at a contract sum of Kshs.40,249,703. However, the appointment letters for the Tender Opening Committee, Tender Evaluation Committee and Project Progress Reports were not provided for audit.

779. This is contrary to Regulation 15(1b) of the of the National Government Constituencies Development Fund Regulations, 2016 which provides that the Project Management Committee shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented.

780. In addition, physical verification carried out on 1 April, 2022 revealed that the construction of the new tuition block phase 1 was still ongoing and the ground floor was not complete. The construction was at slab level and only walling had been done which is approximately 40%. The contractor had been paid the first payment of Kshs.14,747,611.80. Consequently, Management was in breach of the law and value for money was not realized from works not done and incomplete projects.

Management Response

781. The appointment letters for the Tender Opening Committee, Tender Evaluation Committee and Project Progress Reports are provided for audit. Management noted that the project is being carried out in phases and is still ongoing.

Committee Observation

782. The Committee observed that the matter was adequately addressed and resolved.

l) Construction of Utawala Chief's Camp on Private Land

783. The statement of receipts and payments reflects other grants and transfers amounting to Kshs.92,120,016 which, as disclosed in Note 7 to the financial statements, includes transfers to security projects amounting to Kshs.8,700,000 for construction of Utawala Chiefs Camp. However, the Bill of Quantities, site meeting and instructions minutes and works progress reports were not provided for audit. This is contrary to Regulation 15(1b) of the of the National Government Constituencies Development Fund Regulations, 2016 which provides that the project management committee shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented. Further, review of documents provided revealed that the Chiefs Camp had been constructed on private land contrary to the provisions of NG-CDF Guidelines on Land Ownership for CDF Related Projects, 2010 which provides that CDF projects should be erected on public land and where

no public land is available or where a need has been identified to expand public land, the CDFC should initiate the process of procurement of land from alternative sources and obtain the title in the name of the public institution which is to benefit from the project, or in the name of the constituency. In addition, physical inspection carried out in the month of April, 2022 revealed that the construction was 85% complete. Consequently, Management was in breach of the law and value for money was not realized from works not done and incomplete projects.

Management Response

784. The Bill of Quantities, site meeting and instruction minutes and works progress reports have been provided for audit. Management confirmed that the land is not privately owned.

Committee Observation

785. The Committee observed that the matter was adequately addressed and resolved.

m) Weak Internal Controls in Preparation of the Cash Book

786. Review of the cash book provided for audit revealed that it was not checked, balanced at the end of the day or approved by senior officials. In addition, payment vouchers posted in the cash book did not have detailed description of the payee, the nature of payments and payment voucher numbers were not posted or recorded in their respective columns and only cheque numbers were entered. In the circumstances, accuracy and completeness of records maintained by the Fund could not be confirmed.

Management Response

787. Management confirmed that the cashbook was posted and checked in accordance with the PFM Act.

Committee Observation

788. The Committee observed that the matter was adequately addressed and resolved.

3.7.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Unsupported Bursary Disbursement

789. The statement of receipts and payments and Note 7 to the financial statements reflect other grants and other payments amount of Kshs.91,809,957. Included in this amount is expenditure totalling to Kshs.77,142,000 which relates to bursaries to secondary schools and tertiary institutions. However, only a few acknowledgement receipts were provided and some application forms had no admission numbers. Further, it was observed that the Total bursary amount of Kshs.77,142,000 represents 48% of the total transfers from NG-CDF Board, which is 13% above the allowable limit of 35%. The anomaly was not explained. In addition, there was no evidence of formation of an Education Bursary Committee whose core mandate is vetting of applicants, contrary to guidelines in a circular issued in relation to vetting, as all the forms had no evidence of vetting by the Committee. Further, the amount awarded to the successful applicants was not indicated in the application form, and in the absence of such information it was not possible to confirm the amount awarded to the successful applicants. In the circumstances, the accuracy, regularity and completeness of bursaries amounting to Kshs.77,142,000 could not be confirmed.

Management Response

790. The amounts above the allowable limits were reallocations from ICT hubs funds; therefore, the management was not in breach. A bursary vetting committee is in place, and the minutes were provided for review.

Committee Observation

791. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalents

792. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.12,497,023. However, there was no Board of survey report in support of the balance. Further, examination of the April, 2022 bank reconciliation statement revealed a total amount of Kshs.11,564,352 being payment in cash book not yet recorded in the bank statement (unpresented cheques). Included in this amount were stale cheques some dating 28 August, 2019 totalling to Kshs.1,680,000. Details on when the long outstanding balances were cleared were not provided and the same was not reflected in the June, 2022 bank statement. In addition, the June, 2022 bank reconciliation statement revealed analyses of payments in bank statement not yet recorded in the cash book, with payments totalling to Kshs.721,112 dating back to 2016, hence had been outstanding for over seven years. No explanation was provided for not adjusting the balances in the cash book. In addition, the reconciliation statement also revealed payments in cash book not recorded in bank Statement (unpresented cheques) totalling to Kshs.3,290,042. The Management did not provide evidence and details on when the cheques were cleared. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.12,497,023 could not be confirmed.

Management Response

793. The payments were updated in the cashbook. The unpresented cheques were presented and cleared. The bank reconciliation statement and bank statement have since been provided for review.

Committee Observation

794. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance (Other Matter)

795. The summary statement of appropriation reflects final receipts budget and actual on comparable basis totalling to Kshs.228,466,380 and Kshs.170,902,439 respectively, resulting to an underfunding amounting to Kshs.57,563,941 or 25% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.228,466,379 and Kshs.158,405,417 respectively, resulting to an under expenditure of Kshs.70,060,962 or 31% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

796. The underfunding and underperformance resulted from delayed disbursements of funds. The funds were received, and projects were implemented to completion.

Committee Observation

797. The Committee observed that the matter was adequately addressed and resolved.

d) Unresolved Prior Year Matters (Other Matter)

798. Various prior year audit issues remained unresolved as at 30 June, 2022, and Management did not provide reasons for the delay in resolving the prior year audit issues.

Management Response

799. Management was awaiting invitation by parliament committee to have the issues resolved.

Committee Observation

800. The Committee observed that the Management did not provide sufficient documentation to verify the matter, and the query remained unresolved.

e) Irregularities in Implementation of Primary and Secondary School Projects

Construction of Three Classrooms at Maua Primary School

801. The Fund disbursed a total of Kshs.4,500,000 to the Project Management Committee (PMC) of Maua Primary School for construction of 3 classrooms. Physical verification carried out on 4 April, 2023 revealed that the project had been completed. However, it was observed that the entire floor had cracks, only one coat of painting had been done, the black boards were not complete, and the project was not branded.

Management Response

802. Management instructed the contractor to make good the defects since the retention money was not paid to the contractor.

Committee Observation

803. The Committee observed that the matter was adequately addressed and resolved.

f) Irregularities in Implementation of Primary and Secondary School Projects - Construction of Toilets at Embakasi Garrison Primary School

804. The Fund disbursed a total of Kshs.4,000,000 to the Project Management Committee (PMC) for Embakasi Garrison Primary School vide cheques number 15799 dated 16 March, 2022 for construction of toilets. Physical verification of the project carried out on 4 April, 2023 revealed that both the male and female toilets had malfunctioning water system connection making the effective use of the toilets minimal. The project was also not branded.

Management Response

805. Management instructed the contractor to make good the defects since the retention money was not paid to the contractor. The project was also branded.

Committee Observation

806. The Committee observed that the matter was adequately addressed and resolved.

g) Irregularities in Implementation of Primary and Secondary School Projects - Donholm Secondary School - Construction of Tuition Block

807. The National Government Constituency Development Fund Embakasi East Constituency disbursed a total of Kshs.12,000,000 for completion of a new tuition block with 8 classrooms, 5 toilet doors, and 50 student capacity laboratory phase 2 of the first floor. In total, Kshs.42,713,620 had been disbursed to the Project Management Committee (PMC) as at 30 June 2022, for construction of tuition block for Donholm Secondary School. The contract was

awarded to a contractor for a contract sum of Kshs.40,249,703 on 15 June, 2021. Physical verification carried out on 4 April, 2023 revealed that the construction of the new tuition block phase 1 was still ongoing and the entire building was incomplete. The construction was completed only to the slab, with no finishing and the engineer's progress reports were not provided for audit. In view of the gaps in project completion described above, it was not possible to confirm that value for money was realized in the project implementation. In addition, Management was in breach of the law.

Management Response

808. The project is funded in phases. Further the engineer's progress reports were provided for audit.

Committee Observation

809. The Committee observed that the matter was adequately addressed and resolved.

h) Non-Compliance with Management of Emergency Reserves

810. The statement of receipts and payments reflects other grants and transfers amounting to Kshs.91,809,957 which includes emergency expenditure amounting to Kshs.8,267,933, as disclosed in Note 7 to the financial statements. However, no documentary evidence was provided indicating that NGCDF Embakasi East Constituency had reported any of the emergency expenditure to the Board using the prescribed format and within the stipulated period of 30 days of occurrence of the emergency as required by Section 20(2) of the National Government Constituencies Development Fund Regulations, 2016. In the circumstances, Management was in breach of the law.

Management Response

811. The emergency report to the board has been provided to the auditor for review.

Committee Observation

812. The Committee observed that the matter was adequately addressed and resolved.

3.7.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Unsupported Transfers to Other Government Units

813. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflect transfer to other Government units' amount of Kshs.10,895,712 which constitutes of amounts of Kshs.4,925,000 and Kshs.5,970,712 transferred to primary and secondary schools respectively. However, the respective projects were not supported by the project implementation status report as at 30 June, 2023. In the circumstances, the accuracy and completeness of the transfers to other Government amount balances totalling Kshs.10,895,712 could not be confirmed.

Management Response

814. The project implementation status report has since been provided for audit review.

Committee Observation

815. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance (Emphasis of Matter)

816. The summary statement of appropriation reflects total receipts budget and actuals on comparable basis of Kshs.244,229,127 and Kshs.99,500,023 respectively, resulting to an under-funding of Kshs.144,729,104 or 59% of the budget. Similarly, the Fund spent a balance of Kshs.82,760,034 against actual receipts of Kshs.99,500,023 resulting under-utilization of Kshs.16,739,989 or 16% of the amount received. The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

817. The under-funding and under-utilization was due to late disbursement of funds by the exchequer. The funds were received and the projects implemented to completion.

Committee Observation

818. The Committee observed that the matter was adequately addressed and resolved.

c) Non-Compliance with the National Government Constituencies Development Fund Regulations, 2016 on Bursaries

819. The statement of receipts and payments reflects other grants and transfers amounting to Kshs.52,557,000 as disclosed in Note 8 to the financial statements out of which balances of Kshs.41,467,000 and Kshs.8,055,000 relate to bursaries to secondary schools and tertiary institutions, respectively. However, Management did not constitute the sub-committee known as the Education Bursary, Mock Examinations and Continuous Assessment Tests Committee in contravention of Regulation 21(3) of the National Government Constituencies Development Fund Regulations, 2016 which provides that a Constituency Committee shall vet all applicants for bursary consideration in accordance with guidelines issued by the Board and every constituency shall establish a Sub-Committee for effective and efficient administration of education bursary schemes, mock examinations and continuous assessment tests. In the circumstances, Management was in breach of the law.

Management Response

820. Management provided the auditor with appointment letters for the members of the Education Bursary, Mock Examinations and Continuous Assessment Tests Committee for review.

Committee Observation

821. The Committee observed that the matter was adequately addressed and resolved.

3.8 Kamukunji Constituency

822. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Kamukunji Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.8.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Net Financial Position

823. The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.116,311.53, being the difference between the brought forward fund balance of Kshs.34,281,480.26 and the deficit for the year of Kshs.34,165,168.73. No explanation has been provided for this anomaly.

Management Response

824. The anomaly arose from a presentation error during the preparation of the financial statements, where the net position was inadvertently presented as net liabilities instead of the net financial position. Management has since reviewed the financial statements and noted the error. Measures have been put in place to ensure proper review and reconciliation of financial statements before submission to prevent similar presentation errors in future.

Committee Observation

825. The Committee observed that the matter was adequately addressed and resolved.

b) Construction of Sheds at Maziwa Chicken and Vegetable Market

826. As reported in the previous year, an amount of Kshs.14,990,664 was irregularly used in construction of sheds at Maziwa chicken and vegetable market in the year 2009/2010. The sheds were subsequently demolished by the then City Council of Nairobi as there were no approvals for the construction. No action has been taken by the management to hold accountable the individuals culpable for the irregular loss of the public.

Management Response

827. The current management has noted the observation and has initiated internal consultations to review the circumstances under which the project was undertaken, with the aim of establishing responsibility and recommending appropriate action where necessary. Further, management has strengthened internal controls to ensure that all development projects undertaken by the Fund obtain the necessary statutory approvals from the relevant authorities prior to commencement. The management appeared before the Special Fund Committee, and the matter remains unresolved to date.

Committee Observation

828. The Committee observed that the Management did not provide sufficient documentation to verify the matter, and the query remained unresolved.

c) Budget and Budgetary Control

829. During the year under review, the fund's actual total receipts amounted Kshs.84,056,348 against a budget of Kshs.118,337,828 resulting in unrealized allocations of Kshs.34,281,480 or 29%. Further, the fund actual total expenditure amounted to Kshs.118,221,517 against approved total budget of Kshs.118,337,828 resulting in an under expenditure of Kshs.116,311. The shortfall in funding of Kshs.34,281,480 impacted negatively on delivery of services to residents of Kamukunji Constituency.

Management Response

830. The shortfall in receipts was mainly due to delays in fund disbursement from the Exchequer during the financial year, which affected the Fund's ability to fully implement all planned activities within the period under review. Subsequently the funds were received and affected projects were implemented. However, the management utilized the available resources efficiently, recording actual expenditure of Kshs.118,221,517 against the approved budget of Kshs.118,337,828, resulting in a minimal under-expenditure of Kshs.116,311.

Committee Observation

831. The Committee observed that the matter was adequately addressed and resolved.

3.8.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Budget Performance - Under Absorption of the Expenditure Budget

832. During the year under review, the fund budgeted expenditure amounted to Kshs.98,343,967. However, overall actual expenditures for the year was Kshs.84,315,750 resulting in an under expenditure of Kshs.14,028,217 which is equivalent to about 14% of the total budget. Further analysis of the budget against actual expenditure indicate that out of the development budget of Kshs.86,993,036, an amount of Kshs.76,477,616 was spent resulting in an under expenditure of Kshs.10,515,420 or 12% of the development budget. Some of the development projects planned for but not implemented include, building of gabions along Nairobi River in Kinyago slums -- Kshs.1,736,206 and Shauri Moyo Police Station boundary wall -- Kshs.5,500,000. The overall under expenditure was mainly on use of goods and services - Kshs.2,796,668 and other grants and transfers Kshs.10,258,113. The under expenditure is an indication that approved programs were not fully implemented which in turn impacted.

Management Response

833. Management clarified that the underfunding was primarily due to delays in the release of funds from the National Government Constituencies Development Fund Board. The delayed disbursement affected the timely implementation of planned projects within the financial year, resulting in temporary under-absorption of the approved budget. However, the funds were subsequently released, and the affected projects were implemented thereafter. This is supported by copies of Authority to Incur Expenditure (AIEs), project summary schedules, completion certificates, and project photographs evidencing execution and completion.

Committee Observation

834. The Committee observed that the matter was adequately addressed and resolved.

3.8.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Budgetary Control and Performance

835. The summary statement of appropriation: recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.123,069,092 and Kshs.109,516,876 respectively resulting to an under-funding of Kshs.13,552,216 or 11% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.123,545,093 and Kshs.104,075,788.00 respectively resulting to an under expenditure of Kshs.19,469,305 or 16% of the budget.

Management Response

836. Management clarified that the underfunding of Kshs.13,552,216, representing 11% of the final receipts budget, was mainly due to delays in funds disbursement from the National Government Constituencies Development Fund Board during the financial year. Similarly, the under-expenditure of Kshs.19,469,305, representing 16% of the final expenditure budget, resulted from delayed fund disbursements and procurement processes, which affected the timely implementation of some planned activities and projects during the financial year. Management eventually received the funds, and the projects were implemented as per specifications.

Committee Observation

837. The Committee observed that the matter was adequately addressed and resolved.

b) Non-Implementation of Projects

838. Review of the statement of appropriation: recurrent and development combined revealed that the Management had budgeted to spend a total of Kshs.50,107,770 on transfers to other Government Entities. These transfers were intended to fund approved projects. However, physical inspection revealed that projects totaling to Kshs.15,818,993 had not been implemented as at the time of the audit in February, 2020. No explanation was given for failure to implement these projects. In the circumstances, I am unable to confirm whether the public will obtain value for money for the unimplemented projects.

Management Response

839. Management clarified that the apparent non-implementation of projects totaling Kshs.15,818,993 as at February 2020 was primarily due to delays in the release of funds from the National Government Constituencies Development Fund Board. The delayed disbursements affected the timely commencement and execution of the projects within the financial year. However, the funds were subsequently released, and the affected projects have since been implemented. Management confirmed that the projects have since been completed and are now benefiting the intended beneficiaries.

Committee Observation

840. The Committee observed that the matter was adequately addressed and resolved.

3.8.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Inaccuracy of Committee Bank Balances

841. Note 17.4 to the financial statements reflects Project Management Committee opening bank balances amounting to Kshs.45,517. However, Project Management Committee bank balances as at 30 June, 2019 was nil. The error was not corrected. Consequently, the accuracy, completeness and validity of Project Management Committee opening bank balances amounting to Kshs.45,517 as at 30 June, 2020 could not be confirmed.

Management Response

842. Management clarified that the discrepancy in the Project Management Committee opening bank balance of Kshs.45,517 reflected in Note 17.4 was due to a recording error during the preparation of the financial statements. The actual bank balance as at 30 June 2019 was nil. The error has since been noted, and management committed to exercise due diligence in

subsequent financial statements to ensure the accuracy, completeness, and validity of all reported balances.

Committee Observation

843. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracy of Pending Accounts Payable

844. Note 17.1 to the financial statements reflects nil pending accounts payable opening balances. However, pending accounts payable as at 30 June, 2019 amounted to Kshs.10,150,194. The error was not corrected. Consequently, the accuracy, completeness and validity of nil pending accounts payable opening balances as at 30 June, 2020 could not be confirmed.

Management Response

845. The nil opening balance for pending accounts payable reflected in Note 17.1 resulted from a recording error during the preparation of the financial statements. The actual pending accounts payable as at 30 June 2019 amounted to Kshs.10,150,194. The error has since been identified, and steps will be taken to ensure subsequent financial statements are free of error to ensure the accuracy, completeness and validity of all reported payables.

Committee Observation

846. The Committee observed that the matter was adequately addressed and resolved.

c) Budget and Budgetary Control

847. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totaling to Kshs.156,913,028, and Kshs.156,913,028 respectively. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Kshs.156,913,028 and Kshs.104,601,981 respectively, resulting to an under expenditure of Kshs.52,311,047 or 33% of the budget.

Management Response

848. Management clarified that the under-expenditure of Kshs.52,311,047 representing 33% of the total budget was primarily due to delays in the release of funds from the National Government Constituencies Development Fund Board, which affected the timely implementation of planned projects and activities within the financial year. However, the funds were subsequently released, and the affected projects and activities have since been implemented, ensuring the intended services and benefits were delivered to beneficiaries.

Committee Observation

849. The Committee observed that the matter was adequately addressed and resolved.

d) Stalled Project

850. The Fund entered into a contract for the construction of administration block consisting of staffroom, four (4) offices, kitchen and four (4) door flush toilets at Moi Airbase. The contract agreement signed on 01 November, 2019 revealed that the commencement date of construction was 01 November, 2019 and the completion date was 22 July, 2020 a duration of nine (9) months. Management transferred a sum of Kshs.6,500,000 to the Project Management Committee (PMC) and a contractor was paid an amount of Kshs.2,746,513 on 03 March, 2020 for contract execution. However, physical verification on 11 February, 2021

revealed that the building had stalled, and the contractor was not on site with plastering and finishes not done. Further, two sections that were provided for windows on the 1st floor were left open although the windows were already made. In addition, the Project Status Report as at 30 June, 2020 was not provided.

Management Response

851. The delays were due to unforeseen delays in fund disbursement to the contractor and interruptions caused by the COVID-19 pandemic, which affected construction timelines and site access. Management has since engaged the contractor to resume and complete the stalled works, and instituted corrective measures in place to ensure close monitoring of project implementation, adherence to timelines, and timely submission of Project Status Reports for all ongoing projects. The project is done and in use.

Committee Observation

852. The Committee observed that the matter was adequately addressed and resolved.

3.8.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Budgetary Control and Performance

853. The summary statement of appropriation reflects final receipts budget and actual on a comparable basis of Kshs.189,399,926 and Kshs.92,400,000 respectively resulting to an under-funding of Kshs.96,999,926 or 51% of the approved budget. Similarly, the Fund expended Kshs.142,234,783 against an approved budget of Kshs.189,399,926 resulting to an under-expenditure of Kshs.47,165,143 or 25% of the approved budget.

Management Response

854. Management clarified that the underfunding was primarily due to delays in the release of funds from the National Government Constituencies Development Fund Board. The delayed disbursement affected the timely implementation of planned projects within the financial year, resulting in temporary under-absorption of the approved budget. However, the funds were subsequently released, and the affected projects were implemented thereafter. This is supported by copies of Authority to Incur Expenditure (AIEs) and summary schedules of projects.

Committee Observation

855. The Committee observed that the matter was adequately addressed and resolved.

3.8.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Inaccuracies in the Financial Statements

Transfers to Other Government Entities

856. The statement of receipts and payments, the ledger balances and Note 6 to the financial statements reflect an amount of Kshs.121,445,990 in respect of transfers to other Government units which differs with the project payments from bank statements and payment vouchers amount of Kshs.128,466,513, resulting in an unreconciled and unexplained variance of Kshs.7,020,523.

Management Response

857. Management clarified that the timing difference arose because unutilized funds in the bank statement as at 30th June 2021 were utilized in the current financial year, thus raising the funds available for use in excess of Kshs. 7,020,523.

Committee Observation

858. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracies in the Financial Statements - Committee Expenditure

859. The statement of receipts and payments and Note 5 to the financial statements reflects a total amount of Kshs.5,202,649 in respect of use of goods and services which includes committee allowances amounting to Kshs.1,212,000 which differs with the payment vouchers total amount of Kshs.1,497,000 resulting to an unreconciled and unexplained variance of Kshs.285,000.

Management Response

860. The variance of Kshs.285,000 between committee allowances reflected in the financial statements arose because some payment vouchers were classified under the wrong vote head. Management has since reviewed and reclassified all committee expenditure payment vouchers to align with the figure reflected in the financial statements.

Committee Observation

861. The Committee observed that the matter was adequately addressed and resolved.

c) Inaccuracies in the Financial Statements - Incorrect Opening Balances

862. Annex 5 to the financial statements on Project Management Committee bank balances reflects comparative balances totaling to Kshs.1,168,731 while the 2020/2021 audited financial statements reflects closing balances amounting to Kshs.1,226,645 resulting to an unreconciled and unexplained variance of Kshs.57,914.

Management Response

863. The opening balance resulted from a recording error during the preparation of the financial statements. The error has since been noted, and management committed exercise due diligence in subsequent financial statements to ensure the accuracy, completeness, and validity of all reported balances.

Committee Observation

864. The Committee observed that the matter was adequately addressed and resolved.

d) Inaccuracies in the Financial Statements - Inaccuracies in Summary Statement of Appropriation

865. The summary statement of appropriation reflects transfers from NGCDF Board total amount of Kshs.184,260,022 while the statement of receipts and payments and Note 1 to the financial statements reflect a total amount of Kshs.181,777,758. The resulting variance of Kshs.2,482,264 was not explained or supported.

Management Response

866. Management confirmed that the Kshs. 2,482,264 was opening cash and cash equivalents, as evidenced by the cash book, which remained unutilized as at 30th June 2022.

Committee Observation

867. The Committee observed that the matter was adequately addressed and resolved.

e) Inaccuracies in the Financial Statements - Inaccuracies in Budget Execution by Sectors and Projects

868. The budget execution by sectors and projects reflects analysis of primary schools and secondary schools' projects amounting to Kshs.20,400,000 and Kshs.70,184,632 which vary with the actual amounts of Kshs.31,663,800 and Kshs.75,782,190 respectively as per Note 6 to the financial statements. The resulting total variance of Kshs.16,861,358 was not explained or supported. Further, analysis of the sports projects has not been included in the statement. In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

869. Management stated that the anomalies arose from a typing error while posting the figures for two projects in the budget execution, which management has noted, and assured that the error will not recur. Regarding the sports projects, management confirms that omitting these projects from the analysis was an inadvertent oversight, and they have since been incorporated into the project schedules to ensure complete reporting.

Committee Observation

870. The Committee observed that the matter was adequately addressed and resolved.

f) Unsupported Expenditure

871. The statement of receipts and payments and Note 5 to the financial statements reflects an amount of Kshs.5,202,649 on use of goods and services out of which an expenditure of Kshs.788,000 relates to other committee expenses. Review of records revealed that an amount of Kshs.300,000 was incurred on Monitoring and Evaluation (M&E). Although photographic evidence was provided as proof of monitoring and evaluation activities, there were no documented monitoring and evaluation reports. Further, review of the payment vouchers revealed that the CDFC committee made sitting allowance claims which were not supported with minutes of the meetings. In the circumstances, the accuracy and completeness of other committee expenses amounting to Kshs.788,000 could not be confirmed.

Management Response

872. Management acknowledged that the M&E reports and minutes supporting some CDFC committee sitting allowances were not available at the time of the audit. However, the monitoring and evaluation reports together with the NGCDFC minutes have been availed for the auditor to verify.

Committee Observation

873. The Committee observed that the matter was adequately addressed and resolved.

g) Failure to Constitute a Bursary Committee

874. The statement of receipts and payments and the corresponding Note 7 to the financial statements reflects a total expenditure of Kshs.47,287,896 paid as bursaries to secondary schools and tertiary institutions. However, Management did not establish a subcommittee of education bursary, mock examinations and continuous assessment tests whose core mandate is vetting of applicants contrary the provisions of circular No.NG-CDFB/CEO/BOARD CIRCULARS VOL II (021) of 18 June, 2020. An examination of a sample of the application forms revealed no evidence of vetting by the education bursary, mock examinations and continuous assessment tests committee. Further, the chairman or the secretary of the vetting committee did not sign the application form as proof of approval or rejection of the application. In addition, minutes of the vetting committee and the details of the successful applicants was not provided for audit. In the circumstances, Management was in breach of the law.

Management Response

875. Management stated that a properly constituted bursary vetting committee is in place, with documented minutes and a complete list of successful applicants for all future disbursements, in compliance with the provisions of circular No. NG-CDFB/CEO/BOARD CIRCULARS VOL II (021) of 18 June 2020. Additionally, management noted an oversight: some forms lacked the chairman's signature but were later signed. The management provided the document listed by the auditor for verification.

Committee Observation

876. The Committee observed that the matter was adequately addressed and resolved.

h) Poor Implementation of Projects

877. Review of records revealed that the Management awarded the construction of 150 Meters storm water drainage and 1620SQM paving slabs around 16 classrooms at Heshima Primary School to a local contractor at a contract sum of Kshs.2,412,800 on 16 October, 2021. However, physical inspection of the project carried out at the school on 28 July, 2023 revealed that whereas works on paving slabs had been completed, no works had commenced on the drainage system. At the time of the inspection, the contractor had already left the site while an amount of Kshs.2,370,500 representing 98% of the contract sum had been paid. In the circumstances, the value for money on the amount of Kshs.2,370,500 incurred on the project could not be confirmed.

Management Response

878. The delay in commencing the 150 meters storm water drainage works was primarily due to unforeseen challenges at the site, including adverse weather conditions and logistical delays, which affected the sequence of project execution. Management has since engaged the contractor to resume and complete the pending drainage works, and measures have been put in place to enhance project supervision and monitoring to ensure completion in line with the contract and it is complete.

Committee Observation

879. The Committee observed that the matter was adequately addressed and resolved.

i) Irregular Branding of Projects

880. Physical inspection of various projects implemented by the Fund Management carried out on 28 July, 2023 revealed that projects implemented at Eastleigh Airport Primary School, Our Lady of Mercy Primary School, Our Lady of Mercy Girls Secondary School and Zawadi Primary School were branded with the name of the area Member of Parliament contrary to Section 25(3) of the National Government Constituencies Development Fund Act, 2015. In the circumstances, Management was in breach of the law.

Management Response

881. Management stated that the project management completed the project but went ahead and branded the project without getting instruction from the project manager on how to branding should be done. Management has since issued instructions to ensure all future projects are branded in accordance with the provisions of the law, and corrective measures will be applied to align the branding of ongoing and future projects with statutory requirements.

Committee Observation

882. The Committee observed that the matter was adequately addressed and resolved.

3.8.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Unsupported Committee Expenses

883. The statement of receipts and payments and Note 5 to the financial statements reflects committee expenses amounting to Kshs.2,054,000 which includes sitting allowance and other committee expenses of Kshs.1,404,000 and Kshs.650,000 respectively. However, review of the primary expenditure records revealed that total payments of Kshs.884,000 related to committee expenses while payments amounting to Kshs.1,170,000 related to use of goods and services but were incorrectly classified under committee expenses. Further, review of the payments posted in the cashbook revealed committee expenses totalling to Kshs.1,923,200 which were not included in the financial statements. In addition, review of the payment vouchers provided for audit revealed that two committee expenses payments amounting to Kshs.312,000 and Kshs.267,000 paid on 19 June 2023 and 28 February 2023 were not included in the committee expenses ledger. In addition, committee expenses payment of Kshs.390,000 was not supported by payment vouchers and other related documentation. In the circumstances, the accuracy and completeness of the other grants and transfers balance of Kshs.2,054,000 could not be confirmed.

Management Response

884. The Payment vouchers and expenditure return have since been availed for audit review.

Committee Observation

885. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance (Emphasis of Matter)

886. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.147,461,214 and Kshs.95,346,559 respectively resulting to an under-funding of Kshs.52,114,655 or 35% of the budget. Similarly, the Fund spent a balance of Kshs.51,517,848 against actual receipts budget of Kshs.95,346,559 resulting to an under-utilization of Kshs.43,828,711 or 46%. The under-funding and under-utilization affected the

planned activities and may have impacted negatively on service delivery to the residents of the Kamukunji Constituency. My opinion is not modified in respect of this matter.

Management Response

887. Management clarified that the underfunding was primarily due to delays in the release of funds from the National Government Constituencies Development Fund Board. The delayed disbursement affected the timely implementation of planned projects within the financial year, resulting in temporary underutilization of the approved budget. However, the funds were subsequently released, and the affected projects were implemented thereafter. This is supported by copies of Authority to Incur Expenditure (AIEs), summary schedules of project.

Committee Observation

888. The Committee observed that the matter was adequately addressed and resolved.

c) Unresolved Prior Year Matters (Other Matter)

889. The audit report for the previous year highlighted several issues in respect of the financial statements, lawfulness and effectiveness of public resources, and effectiveness of internal controls and governance. Management's report on progress made in resolving the issues indicates that issues relating to the financial statements had not been resolved as at 30 June 2023.

Management Response

890. Management indicated that it was committed to resolving all outstanding audit recommendations and has instituted measures to ensure timely follow-up and implementation of auditor recommendations. Efforts are ongoing to provide satisfactory explanations and supporting evidence for all prior year audit issues, and management anticipates full resolution during appearance in Decentralized Funds Account Committee.

Committee Observation

891. The Committee observed that prior year matters were resolved by the Accounting Officer after submitting relevant documentation to the Office of the Auditor-General, and the matter was resolved.

d) Incomplete Construction of Storeyed Classrooms

892. During the year under review, a contract for construction of classrooms at St. Teresa's Boys Primary School under tender No. NGCDF/KAMUKUNJI/DESKS/004/2022-2023 was awarded to a local construction company on 22 October, 2022 at a contract price of Kshs.13,230,000. However, appointment letters for tender opening, tender evaluation and inspection and acceptance committees were not provided for review contrary to Sections 46(1), 48(1) and 78(1) of the Public Procurement and Asset Disposal Act, 2015 which states that the Accounting Officer shall appoint the adhoc committees specifically for the procurement in accordance with requirements of the law. Further, the evaluation report was not signed by all members of the committee page by page. Audit inspection carried out in the month of March, 2024 for the construction of classrooms at St. Teresas Boys Primary School revealed that the slab was not done and the contractor had abandoned the site. In addition, works had stalled, metal rods had been vandalised and the contractor had been paid an amount of Kshs.2,529,574 on 21 June, 2023 for the works done. Further, there was no signage erected

for the project. In the circumstances, Management was in breach of the law and value for money may not have been achieved from the incomplete project.

Management Response

893. Appointment letters for tender opening, tender evaluation and inspection and acceptance committees have since been provided for review.

Committee Observation

894. The Committee observed that Management tendered the tender committee appointment letters and was satisfied with the response. The query was resolved.

3.9 Kasarani Constituency

895. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Kasarani Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.9.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Opening Accounts Balances

896. As reported in the previous year, the original constituency was divided into additional other electoral areas of Roysambu, Ruaraka and Mathare following the general elections of 2013. Information and records made available indicated that no opening cash balances and assets were inherited and accounted for in the books of account from the original Kasarani Constituency. Consequently, the accuracy of the opening and closing bank balances of Kshs.24,921,253.48 and Kshs.1,356,512.58 reflected in the statement of assets as at 30 June 2017 respectively, cannot be confirmed.

Management Response

897. At the time of the transition, All the assets, opening balances were inherited by the newly created Ruaraka Constituency. Kasarani Constituency started with the new disbursement of ksh 2,000,000 from the NG-CDF Board as evidenced by the copy of the AIE.

Committee Observation

898. The Committee observed that the matter was adequately addressed and resolved.

b) Transfers to Other Government Units

899. The statement of receipts and payments for the year ended 30 June 2017 reflects transfers to other Government units of Kshs.24,979,426 but the respective Note 6 to the financial statements reflects Kshs.25,159,255 resulting in unexplained difference of Kshs.179,829.

Management Response

900. The discrepancy arose from a recording error in Note 6, which has been noted. The correct figure for the transfer to other government units is ksh 24,979,426. Management assured the Committee that due diligence will be exercised during the preparation of the financial

statements and it has strengthened internal controls to ensure such discrepancies are minimized in future reporting periods.

Committee Observation

901. The Committee observed that the matter was adequately addressed and resolved.

c) Use of Goods and Services

902. During the year under review, the fund spent Kshs.7,341,060 on use of goods and services. However, the annual expenditure returns show Kshs.6,953,060 only, resulting in a variance of Kshs.388,000. In addition, payment vouchers and source documents to support the expenditure were not produced for audit review. Consequently, the propriety of the expenditure on use of goods and services amounting to Kshs.7,341,060 cannot be confirmed.

Management Response

903. Management stated that the Annual Expenditure Return submitted during the audit was incomplete. The actual expenditure for goods and services was ksh 7,341,060 as reported. The supporting source documents have been submitted for audit review to ensure proper verification and compliance with financial reporting requirements.

Committee Observation

904. The Committee observed that the matter was adequately addressed and resolved.

d) Other Grants and Transfers - Security Mast Flood Lights

905. Other grants and transfers expenditure of Kshs.68,930,601 as disclosed in Note 7 to the financial statements includes an amount of Kshs.35,100,000 relating to security. The fund spent Kshs.27,500,000 in the installation of 5 units (30 metres high) security mast flood lights. However, tender opening and evaluation minutes for the project were not produced for audit review. The only document related to the project was the bills of quantities as per tender number DWO/Kasarani/CDF/8/2016-2017 for supply, delivery and installation of 2 number 30-metre-high flood mast at Maili Saba and Kamulu which had a quote from Kicos Investment Company with total tender sum of Kshs.10,905,679.68. Project inspection and verification of the electrical installations on 21 March 2018 revealed that two flood masts erected at Maili Saba and Chokaa area were not working even though they were completed during the year 2017. It was also noted that the bills of quantities from the State Department of Works in the PMC file was not signed. In the circumstances, the validity and propriety of the expenditure of Kshs.27,500,000 incurred on security mast flood lights cannot be confirmed. Further, it is also apparent that the public did not get value for money from the security mast flood lights project.

Management Response

906. Management clarified that the tender opening and evaluation minutes were initially misfiled but have since been located and availed to the auditor for review. Regarding the inspection findings, two flood masts at Maili Saba and Chokaa failed technically after completion. The contractor was duly instructed to replace the defective installations to ensure proper functionality. Additionally, the bills of quantities from the State Department of Works were initially unsigned due to oversight by technical staff; however, the document has since been signed.

Committee Observation

907. The Committee observed that the matter was adequately addressed and resolved.

e) Cash and Cash Equivalents

908. The statement of assets reflects a bank balance of Kshs.1,356,512.58 as at 30 June 2017 and as further disclosed at Note 10A to the financial statements. However, bank reconciliation statements were prepared for the period up to February 2017 and not June 2017 as required. A review of the February 2017 bank reconciliation statement revealed unpresented cheques totaling Kshs.38,250,073 out of which cheques worth Kshs.642,841 were stale cheques but had not been reversed in the cashbook. In addition, certificate of balance from the bank was not provided for audit verification. Further information indicate that the fund maintained 34 Project Management Committee (PMC) bank accounts that had a total of Kshs.5,525,058.38. However, the balances were not verified since bank statements and certificate of bank balances were not provided for audit review. In the circumstances, the completeness, existence and accuracy of the bank balance of Kshs.1,356,512.58 as at 30 June 2017 cannot be confirmed.

Management Response

909. Management acknowledged the audit observation regarding the bank balances as at 30 June 2017. The bank reconciliation statements for June 2017 and the corresponding bank statement has been availed for audit verification. Management further confirms that the stale cheques totaling Kshs.642,841 have been reversed as evidenced by the cashbook extracts showing both reversal and replacement entries. Regarding the Project Management Committee (PMC) bank accounts, management requested and obtained the relevant bank statements from the respective PMCs and availed them to the auditor for verification.

Committee Observation

910. The Committee observed that the matter was adequately addressed and resolved.

f) Net Financial Position

911. The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.1,356,512.50 being the difference between the brought forward fund balance of Kshs.24,921,253.48 and the deficit for the year of Kshs.23,564,740.90. No explanation has been provided for this anomaly.

Management Response

912. The anomalies were attributed to the template used during the year under review. The anomalies were addressed using the amended template in the subsequent financial year.

Committee Observation

913. The Committee observed that the matter was adequately addressed and resolved.

g) Budget and Budgetary Controls (Other Matter)

914. During the year under review, the fund budgeted expenditure amounted to Kshs.106,817,805.20. However, overall actual expenditure for the year was Kshs.103,468,292.60 resulting in an under expenditure of Kshs.3,349,512.60 which is equivalent to about 3% of the total budget. Further analysis of the budget against actual expenditure indicate that out of the development budget of Kshs.97,184,745, an amount of

Kshs.93,910,027 was spent resulting in under expenditure of Kshs.3,274,718 or 3% of the development budget. This implies that some budgetary provisions and plans were not met which impacted negatively on service delivery to the constituents of Kasarani. The under expenditure was mainly on transfers to other government units - Kshs.2,220,574 and other grants and transfers - Kshs.1,054,144. The under expenditure is an indication that approved programs were not fully implemented.

Management Response

915. Management clarified that the underfunding was primarily due to delays in the release of funds from the National Government Constituencies Development Fund Board. The delayed disbursement affected the timely implementation of planned projects within the financial year, resulting in temporary under-absorption of the approved budget. However, the funds were subsequently released, and the affected projects were implemented thereafter. This is supported by copies of Authority to Incur Expenditure (AIEs), project summary schedules, completion certificates, and project photographs evidencing execution and completion.

Committee Observation

916. The Committee observed that the matter was adequately addressed and resolved.

h) Environmental Impact Assessment on Njiru Secondary School

917. During the year, the Fund allocated Kshs.7,500,000 towards construction of Njiru Secondary School. As reported in the previous year the school is located about 100 metres from the Njiru sewer outfall and almost 200 metres from the Njiru quarry. The phase one construction of the classrooms was about 60% by the time of audit. Management did not however present for audit review environmental impact assessment report of the project given its location to the two facilities. In the absence of the environmental impact it is not possible to confirm the extent to which the school will be impacted by the two facilities.

Management Response

918. Management clarified that the Project Management Committee (PMC) did not request the EIA at the time of project commencement. However, the Environmental Impact Assessment was conducted, and the report was submitted for review.

Committee Observation

919. The Committee observed that the matter was adequately addressed and resolved.

3.9.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Opening Account Balances

920. As reported in the previous year, the original constituency was divided into additional other electoral areas of Roysambu, Ruaraka and Mathare following the general elections in the year 2013. Information and records made available indicated that no opening cash balances and assets were inherited and accounted for in the books of account from the original Kasarani Constituency. Consequently, the accuracy of the opening and closing bank balances of Kshs.1,356,513 and Kshs.16,602,366 reflected in the statement of assets and Liabilities as at 30 June 2018 respectively, cannot be confirmed.

Management Response

921. At the time of the transition, the newly created Ruaraka Constituency inherited all assets and opening balances. Kasarani Constituency started with the new disbursement of Ksh 2,000,000 from the NG-CDF Board, as evidenced by the copy of the AIE.

Committee Observation

922. The Committee observed that the matter was adequately addressed and resolved.

b) Budget Performance

923. During the financial year ended 30 June 2018, Kasarani CDF had a final budget for receipts and expenditure totalling Kshs.101,546,168, respectively according to the summary statement of appropriation. The actual receipts during the year were Kshs.44,761,685 only, which mean that an amount of Kshs.56,284,483 or 56% of the budget was not received from the NGCDF Board. The actual overall expenditure during the year was Kshs.29,204,175 or 65% of the actual receipts of Kshs.44,761,685 and 29% of the total expenditure budget of Kshs.101,546,168. The overall effect is that an amount of Kshs.72,341,992 or 79% of budget was not spent. This consequently impacted negatively on service delivery to the constituents.

Management Response

924. The under-absorption was mainly due to delays in project implementation. As noted earlier, only Kshs. 44,761,684.58 was available for use. This amount comprised the balance b/f of Kshs. 1,356,512.58 and the amount for FY 017/018 of Kshs. 43,405,172. The current NG-CDFC was gazetted in January 2018. The proposals were therefore forwarded to the NG-CDF Board on 27th February 2018, thus delaying fund disbursement. This delay in disbursement translated into under-absorption. The funds were eventually received, and all programmes were implemented successfully.

Committee Observation

925. The Committee observed that the matter was adequately addressed and resolved.

3.9.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Unsupported Prior Year Adjustments

926. The statement of assets and liabilities reflects prior year adjustments of Kshs.73,994 (2018 - Kshs.1,044,857) relating to bank balances as disclosed under Note 14 to the financial statements. However, the details of the adjustments have not been provided. In addition, Paragraph 47(a) of IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors provides that an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by restating the comparative amounts for prior period presented in which the error occurred. In the circumstances, the accuracy and completeness of the prior year adjustments balance of Kshs.73,994 could not be ascertained.

Management Response

927. Management acknowledged the audit observation regarding the prior year adjustments of Kshs.73,994 reflected under Note 14 to the financial statements. The adjustments relate to two cheques, number 5339 for Kshs.44,994 and number 5342 for Kshs. 29,500, which were reversed in the cash book. Management confirms that the adjustments have been properly

accounted for in the cash book. Measures have been implemented to ensure that all prior period adjustments are fully documented and clearly detailed in future financial statements, in accordance with Paragraph 47(a) of IPSAS 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Committee Observation

928. The Committee observed that the matter was adequately addressed and resolved.

b) Presentation of the Financial Statements

929. The net financial position of Kshs.16,461,142 is erroneously shown as net liabilities in the statement of assets and liabilities. In the circumstances, the financial statements are not presented in accordance with the financial reporting guidelines issued by the Public Sector Accounting Standards Board.

Management Response

930. The anomalies have been attributed to the template used during the year under review. Management addressed the anomalies using the amended template in the subsequent financial year.

Committee Observation

931. The Committee observed that the matter was adequately addressed and resolved.

c) Unreconciled Variance on Unutilized Funds

932. The summary statement of appropriation - recurrent and development combined reflects a budget underutilization of Kshs.73,428,023. However, Note 15.3 to the financial statements and Annex 3 reflect unutilized funds balance of Kshs.73,609,477 resulting into an unreconciled variance of Kshs.181,454.

Management Response

933. Management stated that the annex comprises the prior-year adjustment of Ksh 73,994, which was reversed in the cash book. The ksh 107,460 relates to payables.

Committee Observation

934. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance (Other Matter)

935. The summary statement of appropriation - recurrent and development combined reflects budgeted receipts of Kshs.182,482,725 and actual receipts of Kshs.125,441,849 resulting into an under-collection of Kshs.57,040,876 or 31% of budgeted receipts. Further, the statement reflects budgeted expenditure of Kshs.182,482,725 against actual expenditure of Kshs.109,054,701 giving rise to an under-expenditure of Kshs.73,428,023 or 40% of the budgeted expenditure. Failure to receive and utilize all funds as budgeted for is an indication that, programs and activities were not implemented as planned hence not achieving the intended objectives of improving service delivery to the residents of Kasarani Constituency.

Management Response

936. At year-end, the underutilization of budgeted funds amounted to Kshs. 57,040,875.52 that remained unreleased by the Board. Kshs.55,040,875.52 was later released in the current year,

as evidenced by the attached AIEs, while Kshs.2,000,000 is yet to be released due to some outstanding issues. Thus, Kshs.16,387,148 was the unutilised amount in the cash book. Kshs.9,706,863 was for various projects whose procurement process was ongoing.

Committee Observation

937. The Committee observed that the matter was adequately addressed and resolved.

e) Unresolved Prior Year Audit Matters (Other Matter)

938. As disclosed under the progress on follow up of auditor recommendations section of the financial statements, some of the prior year audit issues remained unresolved as at 30 June, 2019. Management has not provided satisfactory reasons for the delay in resolving the issues.

Management Response

939. Management indicated that it was committed to resolving all outstanding audit recommendations and has instituted measures to ensure timely follow-up and implementation of auditor recommendations. Efforts are ongoing to provide satisfactory explanations and supporting evidence for all prior year audit issues, and management anticipates full resolution during appearance in the Decentralized Funds Account Committee.

Committee Observation

940. The Committee observed that the Management did not provide sufficient documentation to verify the matter, and the query remained unresolved.

3.9.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Budgetary Control and Performance

941. The statement of appropriation - recurrent and development combined for the year ended 30 June 2020 reflects an approved final budget of Kshs.211,127,948 and actual expenditure of Kshs.86,150,907 resulting to underutilization of Kshs.124,977,041 or 59% under absorption which is an indicator of poor budgeting mechanisms. Consequently, the under absorption may have impacted negatively on service delivery to the constituents of Kasarani.

Management Response

942. The underutilization of Kshs.124,977,041 comprises Kshs.71,367,724, which remained unreleased by the Board by the end of the financial year, and Kshs.53,609,317, which was unutilized in the cash book. Out of the unreleased amount of Kshs.71,367,724, Kshs.69,367,724 was later released in the current year (2020/2021) as evidenced by the attached AIEs while Kshs.2,000,000 was yet to be released due to some outstanding issues. Thereafter, the projects were eventually executed, as evidenced by the completion certificate and project photos.

Committee Observation

943. The Committee observed that the matter was adequately addressed and resolved.

b) Irregular Payment of Bursaries

944. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects payments of Kshs.17,983,012 out of which Kshs.9,673,613 relates to disbursement of bursaries to schools in the year under review. However, the disbursements were not supported

with acknowledgement letters from the respective recipients Institutions. In the circumstances, the propriety of the disbursed bursaries could not be ascertained.

Management Response

945. Delays in beneficiaries returning acknowledgement receipts are a major challenge in accounting for the Bursaries. However, with consistent follow-up on the receipts, the office filed over 90% of acknowledgements.

Committee Observation

946. The Committee observed that the matter was adequately addressed and resolved.

3.9.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Budgetary Control and Performance

947. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.262,401,558 and Kshs.213,712,679 respectively, resulting to an under-funding of Kshs.48,688,879 or 19% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.262,401,558 and Kshs.183,425,688 respectively, resulting to an under-absorption of Kshs.78,975,870 representing 30% of the budget. In addition, Kshs.30,844,071 was disbursed towards bursaries against a budget of Kshs.59,065,108 leaving a balance of Kshs.28,221,037 or 48% which was not disbursed to needy students, as per the budget. The underfunding and under-expenditure may have negatively impacted on service delivery to the residents of Kasarani Constituency.

Management Response

948. The underutilization of Kshs.78,975,870 comprises Kshs.48,688,879, which remained unreleased by the Board by the end of the financial year, and Kshs.30,286,991, which was unutilized in the cash book. The unreleased amount of Kshs.48,688,879 was later released in the subsequent year. Kshs.30,286,991 was available for use by the end of the financial year. Of this amount, Kshs.2,899,821 was reallocated and approved by the Board in the current FY. There was also an AIE of 13 million (enclosed) which was received on 18th June 2021; thus, it was not possible to utilize the entire amount before the end of the financial year. Thereafter, the intended projects were executed, as evidenced by the completion certificate and project photos.

Committee Observation

949. The Committee observed that the matter was adequately addressed and resolved.

b) Unresolved Prior Year Matter - Irregular Payment of Bursaries

950. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects payments of Kshs.17,983,012 out of which an amount of Kshs.9,673,613 relates to disbursement of bursaries to schools in the year under review. However, the disbursements were not supported with acknowledgement letters from the respective recipients Institutions.

Management Response

951. Management clarified that during the audit exercise, the acknowledgement letters had not been submitted. However, upon request, the receipts have since been received and filed at the office.

Committee Observation

952. The Committee observed that the matter was adequately addressed and resolved.

c) Construction of Constituency Office in the Chief's Camp

953. Annex 4 - summary of fixed asset register - reflects total assets historical cost balance of Kshs.8,712,172 which includes buildings and structures amount of Kshs.5,785,540 relating to the Constituency office which was constructed within the Chief's camp. However, the Memorandum of Understanding, agreement or lease documents on usage of the land were not provided for audit. This was contrary to Section 68(1)(a) of the Public Finance Management Act, 2012 which requires an Accounting Officer for a National Government entity to ensure that the resources of the entity are used in a way that is lawful and authorized. In the circumstances, the Fund is exposed to loss of property in case the accessibility to the building is limited by the owners of the land on which the building is constructed.

Management Response

954. Kasarani NG-CDF office sits on public land and shares the compound with Njiru Chief and Njiru Police Post. A request has been made through the DCC's office to facilitate the process of acquiring the land ownership documents.

Committee Observation

955. The Committee observed that the matter was adequately addressed and resolved.

3.9.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Irregular Payments under Compensation of Employees

956. The statement of receipts and payments and Note 4 to the financial statements reflect compensation of employee's amount of Kshs.3,805,890. Examination of salary schedules provided revealed that out of this amount, Kshs.703,080 was paid to ten (10) former employees of the Fund. However, the related staff records were not provided for audit. In the absence of staff records it was not possible to confirm whether the beneficiaries were actually former employees. Similarly, their contracts provided for payment of gratuity which was not paid at the end of their service period. Additionally, in the absence of staff records referred to above, it was not possible to confirm the amount of entitlement and the reason for non-payment. Further, the payments to the former employees were not reflected in the Fund's bank statement for the year under review. In the circumstances, the accuracy and completeness of the compensation of employees amount of Kshs.3,805,890 could not be confirmed.

Management Response

957. The ten former employees were eligible for a service gratuity tabulated at 31% of their basic salary. The gratuity was due for payment in 2017, after completion of a three-year contract, from February 2014. However, the management did not budget for the said gratuity within the three-year contract. After the 2017 general elections, a new NG-CDF was gazetted and took over all office assets and liabilities, including the outstanding gratuity. After due

diligence by the committee, and having been satisfied that the staff were legally engaged, they reached a consensus with the NG-CDF Board and the affected employees to pay the outstanding gratuity within 4 years. The four (4)- year payment agreement has been effected, with payments of Kshs.424,700 in FY 2019/020, Kshs.652,860 in FY 2020/021, Kshs.703,080 in FY 2021/022, and Kshs.326,430 in FY 2022/023.

Committee Observation

958. The Committee observed that the matter was adequately addressed and resolved.

b) Unexplained Variances in Bursaries

959. Note 7 to the financial statements reflects bursary issued totaling to Kshs.74,276,363. Examination of payment vouchers revealed total bursaries issued in the year amounting to Kshs.75,422,862 resulting to unexplained variance of Kshs.1,146,498. Additionally, the total bursary of Kshs.74,276,363 constitutes Kshs.57,342,653 to secondary schools and Kshs.16,933,711 to tertiary institutions. However, schedules provided reflected Kshs.58,554,217 for bursary to secondary schools and Kshs.13,967,572 for bursary to tertiary institutions. The resultant variances of Kshs.1,211,564 and Kshs.2,966,139 were not explained or reconciled. Further, review of extracts of the cheques dispatch register revealed cheques drawn in the year under review but could not be traced to the bursary analysis schedules.

Management Response

960. The amount of Kshs. 1,146,498 was part of stale cheques cancelled and replaced accordingly (i.e., issued in FY 2020/021, but cancelled and reissued in FY 2021/022). Therefore, it did not affect the FY 2021/2022 financial statements. However, the information is disclosed in the Monthly Expenditure Return (MER), as provided in the soft copy of the financial statement. The MER provided in soft copy, via email as support for the financial statements, reflected Kshs.57,342,653 as bursary to secondary schools, and Kshs.16,933,711 as bursary to tertiary institutions, as per the attached schedule. The extract of the cheque dispatch register provided also includes replaced cheques (initial cheques cancelled due to errors, mainly spelling mistakes in the Payee name). As such, the cheque number indicated was for the corrected cheque and not the initial cheque number as in the bursary analysis schedule. The cash book extract showing receipt of the cancelled stale cheques that were replaced was provided.

Committee Observation

961. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Bursary

962. Examination of records provided revealed that one hundred and eight (108) students were awarded bursary of between Kshs.40,000 and Kshs.150,100 each, totaling Kshs.8,718,117 in the year under review. However, it was observed that the Board only approved a list of sixty-two (62) students and therefore the list of 108 students awarded exceeded the approved sixty-two (62) students. The approval for the extra forty-six (46) students was not provided. In addition, a payment voucher number 73 for an amount Kshs.1,380,000 was supported with a listing of three hundred (300) students. However, details of bursary entitlement of the students were not provided.

Management Response

963. The scholarship students were identified in FY 2018/2019 when they joined Form One. The NG-CDFC approved the first 62 students on 10th January 2019. The additional consideration was later approved via NG-CDFC minutes dated 21st January 2019. Voucher no. 73 of Kshs.1,380,000 was the final payment to A Class Driving School. The total amount payable to A Class was Kshs. 3,450,000, calculated at Kshs. 11,500 per person for 300 persons, as per the LSO. The payment was made in two instalments; the first instalment payment was 60% (Kshs.2,070,000) as the classes began, and the second and final payment was Kshs.1,380,000 (40%) once all the NTSA PDL numbers were provided. The list showing the 300 benefiting persons and amount for each student is attached.

Committee Observation

964. The Committee observed that the matter was adequately addressed and resolved.

d) Irregular Bursary to Driving Schools

965. Examination of records provided revealed that Kshs.4,122,122 was paid to two driving schools for training of boda boda riders. It was observed that the Request for Quotations (RFQ) method of procurement was used even though the amount involved exceeded the maximum limit of Kshs.3,000,000 provided for use of this method. Further, there was no contracts or terms of engagement between the Fund and the driving schools. In the circumstances, the accuracy and completeness of other grants and other transfers amounting to Kshs.74,276,363 could not be confirmed.

Management Response

966. The payment of Kshs.4,122,122 was through two separate tendering processes, awarded at different times to two service providers: 1. A Class Driving School - Kshs.3,450,000; 2. Vantage Driving School - Kshs.672,122. The service required boda boda students to converge in a central place for training and for the NTSA to capture their biometric data. As such, the NG-CDFC resolved to engage local driving schools within the constituency to compete, rather than inviting countrywide applications. It could have been difficult, costly, and inconvenient if the training were conducted outside the constituency.

Committee Observation

967. The Committee observed that the matter was adequately addressed and resolved.

e) Unsupported and Unutilized Project Management Committee Funds

968. Annex 5 to the financial statements reflects thirty-six (36) Project Management Committee (PMC) bank balances amounting to Kshs.84,274,602. However, it was established that, PMC account balance of Kshs.2,200,000 for Honourable John Njoroge Secondary School was omitted from the above balance. Further, it was observed that the Project Management Committees unutilized fund balances amounting to Kshs.86,474,602 were not returned to the Constituency account, contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015. In the circumstances, the cash and cash equivalents balance of Kshs.12,889,628 reflected in the financial statements may be understated by the amount of unutilized funds of Kshs.86,474,602, not returned to the Constituency fund account. In the circumstance, the accuracy and completeness of the cash and cash equivalents balance of Kshs.12,889,628 could not be confirmed.

Management Response

969. The total amount disbursed to Hon John Njoroge Secondary School of Kshs. 2,200,000 remained unutilized by the end of the financial year. This amount was erroneously omitted from the PMC bank balance and was subsequently included in the subsequent Financial Statements. Section 12(8) of the National Government Constituency Development Fund Act, 2015 states that all unutilized PMC funds shall be returned to the constituency account. Section 12(7) also elaborates that the unutilized funds are funds meant for a project that is cancelled or discontinued. All savings by the PMCs, after completion of the project, are also returned to the constituency account. In this case, however, the PMCs' balances were for ongoing projects, due for payment to the contractor once the certificate of payment was availed.

Committee Observation

970. The Committee observed that the matter was adequately addressed and resolved.

f) Lack of Ownership Documents

971. Annex 4 to the financial statements reflects the summary of fixed asset register balance of Kshs.8,712,172. Included in the register are buildings and structures valued at Kshs.5,785,540. However, the ownership documents for the land where the buildings are constructed were not provided for audit review. In the circumstances, the accuracy and completeness of the fixed assets amounting to Kshs.8,712,172 could not be confirmed.

Management Response

972. Kasarani NG-CDF office sits on public land and shares the compound with Njiru Chief and Njiru Police Post. The office has requested the DCC to facilitate the process of obtaining the land ownership documents.

Committee Observation

973. The Committee observed that the matter was adequately addressed and resolved.

g) Unsupported Legal Fees

974. The statement of receipts and payments and Note 5 to the financial statements reflect use of goods and services expenditure amount of Kshs.13,850,875. The amount includes other operating expenses of Kshs.483,950, out of which an amount of Kshs.418,500 for legal fees paid to a legal firm for legal services. However, the details of the legal suit, excluding the nature and financial impact to the Fund, were not disclosed as a contingent liability in the financial statements. Further, records provided revealed that the total fee to defend the Fund in the legal suit was Kshs.700,000. However, details of the current status of the legal suit were not provided for audit review. In the circumstances, the validity, accuracy and completeness of other operating expenses amounting to Kshs.418,950 could not be confirmed.

Management Response

975. The case was finalized and closed on 22nd January 2021 by the Milimani Commercial Court. The total fee, exclusive of any tax, to defend the case was Kshs. 700,000, which was also fully paid by 30th June 2022. Therefore, no contingent liability was disclosed in the financial statements at the end of the financial year. Kindly find the attached document from Milimani Commercial Court communicating the case verdict. The letter from the Board communicating the legal fee charged for the whole matter, which was fully paid.

Committee Observation

976. The Committee observed that the matter was adequately addressed and resolved.

h) Budgetary Control and Performance

977. The summary statement of appropriation reflects final expenditure budget and actual on comparable basis totaling Kshs.218,919,375 and Kshs.206,029,747 respectively, resulting in an under performance of Kshs.12,889,628 (or 6%) of the budget. The under-performance may have had a negative impact on implementation of planned activities, and this may have negatively affected the provision of services to the people of Kasarani Constituency.

Management Response

978. The amount relates to Administration as shown above. The KSh 9,234,124 relates to KSh 6,542,273 Emergency unspent during the year, thus awaiting resubmission of new projects to the NG-CDF Board; the balance relates to Security projects that had requested a change of activities and therefore could not be paid since it was awaiting approval from the NG-CDF Board.

Committee Observation

979. The Committee observed that the matter was adequately addressed and resolved.

i) Excess Allocation on Bursary

980. The statement of receipts and payments and Note 7 to the financial statements reflect other grants and other transfers of Kshs.94,304,704. Included in this amount is bursary to secondary schools and tertiary institutions of Kshs.57,342,653 and Kshs.16,933,711 respectively. The total bursary amount of Kshs.74,276,364 represents a 39% of the total transfers from NG-CDF Board, which is 4% above the allowable limit of 35% as provided for Section 48 of the National Government Constituencies Development Fund Act, 2015. In the circumstances, Management was in breach of the law.

Management Response

981. The bursary allocation for the same year was Ksh. 40,016,897, translating to 29.2%, which is within the allowable margin of a minimum of 25% and a maximum of 35%. The total available amount for bursary was 74,287,706, which comprised the allocation (Ksh.40,016,897) and the balance brought down of Ksh. 34,265,809.

Committee Observation

982. The Committee observed that the matter was adequately addressed and resolved.

j) Unutilized Project - Ruai Primary School

983. The Tender No. KAS/NG-CDF/027/020/021 for works on construction of 16 No. classrooms, administration block and ablution block at Ruai Primary School was awarded at a cost of Kshs.46,472,300. Examination of documents relating to the project revealed that the project was complete and certificate of practical completion issued by the Supervisor (Clerk of Works or Consultant) on 13 May, 2021. Physical verification carried out on the project on March, 2023 revealed that, although the project was complete and the contractor not on site, the building had not been put into use. According to Management, the reason for not utilizing the building was that the furniture had not been acquired. In the circumstances, it was not possible to confirm that value for money was obtained in the construction of the building.

Management Response

984. At the time of the audit, the project was not in use, but it has now been put to use.

Committee Observation

985. The Committee observed that the matter was adequately addressed and resolved.

k) Failure to Maintain a Retention Money Register

986. The Fund deducted 10% of the contract sum from the amount paid to the contractors as per the interim payment certificates, as retention amounts. Examination of sampled payment documents revealed that a total of Kshs.6,486,463 was deducted as retention amounts from payments made to various contractors. However, no retention register was provided for audit to confirm that all amounts deducted from contractors for payments made on interim certificates in the year under review were recorded. Further, Note 12A to the financial statements does not indicate any retentions withheld or paid during the year. In the circumstances, the Project Management Committee's bank account balances reflected as Kshs.84,274,602 may be incorrect since the retentions deducted are liabilities refundable to the contractors.

Management Response

987. In absence of retention register, the office had ensured that every PMC file has a summary showing the total amount payable, the amount paid and the retention due, for every payment certificate issued. Note 12A shows the retention payable to contractors for projects implemented at the NG-CDFC level, thus retained in the NG-CDFC account and not at the PMC level. For projects implemented by the PMCs, the total amount allocated to the PMC is disbursed to the PMC account. Contractors procured at the PMC level are paid from the PMC account and the payable retention amount remains in the PMC account until the expiry of the defect liability period.

Committee Observation

988. The Committee observed that the matter was adequately addressed and resolved.

3.9.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Inaccuracies in the Financial Statements

989. The statement of receipts and payments reflects total payment amounts of ksh 72,811,555 while re-computation of the same amounted to ksh 82,923,009 resulting in unexplained variance of ksh 10,111,454 which has reduced the reported surplus by the same amount. Further acquisition of assets and other payments expenditure amounts of ksh 4,402,460 and ksh 5,708,994 respectively were not supported by the corresponding notes to the Financial Statements. In this circumstances, accuracy and completeness of the Financial Statements could not be confirmed.

Management Response

990. The computation error was caused by erroneous repetition of Ksh.4,402,460 (Committee expenses amount) in the Acquisition of assets column, which should have been nil, and Ksh 5,708,994 (use of goods and services amount) in the other payments column, which should have been NIL. Adding the two amounts yields the 10,111,454 variance. The correct payments value is Ksh 72,811,555, as reported.

Committee Observation

991. The Committee observed that the matter was adequately addressed and resolved.

b) Lack of Land Ownership Documents

992. Annex 4 to the financial statements reflects the summary of fixed asset register balance of Kshs.8,712,172. Included in the register are buildings and structures valued at Kshs.5,785,540. However, the ownership documents of the parcels of land where the buildings are constructed were not provided for audit review. In the circumstances, the ownership of the parcels of land where the and valuation of the assets could not be confirmed.

Management Response

993. Kasarani NG-CDF office sits on public land and shares the compound with Njiru Chief and Njiru Police Post. The office has requested the DCC to facilitate the process of obtaining the land ownership documents.

Committee Observation

994. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance

995. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of ksh 161,774,883 and ksh 103,287,280 respectively resulting to and under funding of ksh 58,487,603 or 36% of the budget. However, the fund spent ksh 72,811,555 against actual receipts of ksh 103,287,280 resulting to un underutilization of ksh 30,375,725 or 30% of the actual receipts. The underfunding and underutilization affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

996. The unutilized funds amounting to ksh 88,963,328 is the sum of the unreceived funds from the NG-CDF board as at 30th June 2023 amounting to ksh 58,487,603 and the closing balance of ksh 30,475,725, which is the amount comprising of emergency fund not spent within the year, budgeted administration, monitoring and evaluation expenses, and projects which were implemented during the next Financial Year. The NG-CDF Board requested and approved the reallocation of these funds.

Committee Observation

997. The Committee observed that the matter was adequately addressed and resolved.

d) Failure to Return Unutilized Bank Balances on Complete Projects

998. Annex 5 to the Financial Statements reflects Project Management Committee Account balances totalling ksh 20,325,793 as at 30th June 2023. Physical inspection of sampled Five (5) projects at Drumvale Secondary School, Njiru Secondary School, Ngundu Primary School, Hon John Njoroge Secondary School and confirmed that these projects were complete and practical completion certificates issued but still had PMC Bank Account Balances of ksh 232,469, ksh 295,964, Ksh 338,057, Ksh 2,200,000 and Ksh 350,258 (for Jehova Jirre secondary school) respectively as at 30th June 2023 which had not been returned to the Constituency Fund Account. This was contrary to Section 12(8) of the NG-CDF Act 2015 (Amended 2022) which requires that all unutilized funds of the project management committee to be returned to the constituency Account.

Management Response

999. The Practical completion certificate is issued once the project is completed; however, the completion of the project signals the start of the 6-month defect liability period, where 5% of the contract sum is paid once this period ends without any defects; otherwise, the said withheld amount is used to correct the project defects. The funds highlighted in the 5 sampled projects were project money that was yet to be paid to the contractor at the time of the audit. There was no project savings. The funds were fully utilized through payments including retentions to the contractors for the successfully completed works.

Committee Observation

1000. The Committee observed that the matter was adequately addressed and resolved.

e) Unresolved Prior Year Matters

1001. In the report of the previous year, several issues were raised under report on lawfulness and effectiveness in use of public resources and report on effectiveness of internal controls, risk management and governance. However, the management had not resolved the issues.

Management Response

1002. Management indicated that it was committed to resolving all outstanding audit recommendations and has instituted measures to ensure timely follow-up and implementation of auditor recommendations. Efforts are ongoing to provide satisfactory explanations and supporting evidence for all prior-year audit issues, and management anticipates full resolution during appearance in the Decentralised Funds Account Committee.

Committee Observation

1003. The Committee observed that prior year matters were resolved by the Accounting Officer after submitting relevant documentation to the Office of the Auditor-General, and the matter was resolved.

f) Unutilized Complete Project - Administration Block at Ruai Boys Secondary School

1004. The construction of administration block at Ruai Secondary school at a contract sum of ksh 6,815,875 was complete and handing over certificate issued on 13th April 2023. However, physical inspection on the project conducted in the month of March 2024 revealed that the building had not be put into use. In the circumstances, the effectiveness in the use of public resources and value for money for the expenditure of ksh 6,815,875 could not be confirmed.

Management Response

1005. Upon project completion and successful handing over as per the specifications in the bill of quantities, the school wished to make some modifications i.e to make the doors burglar-proof before occupation. This led to a delay, but the project is currently in use.

Committee Observation

1006. The Committee observed that the matter was adequately addressed and resolved.

g) Irregularities in Implementation of Emergency Projects

1007. During the year under review, The NG-CDF made an expenditure out of Emergency Funds amounting to ksh 696,000 being payment of purchase of one hundred and twenty (120) desks for Gituamba Primary school. However, the expenditure did not fit the definition of "urgent,

unforeseen need for expenditure that cannot be delayed until the next Financial Year" as per section 8(3) of the NG-CDF Act 2015 (Amended 2022). There was no evidence of appointment of Project Management Committee for the project as required by regulation 15 of the NGCDF Regulations 2016. In addition, there was no evidence that the utilization of Emergency Reserve was reported to the NG-CDF Board within 30 days as required by regulation 20(2) of the NG-CDF Regulations 2016.

Management Response

1008. The Kasarani NG-CDF office received a letter from the school on 2nd March requesting emergency support to provide desks. The school stated that a donor had constructed 2 classrooms, but they were not in use due to a lack of furniture. Kasarani NG-CDF therefore did not envisage providing classrooms in the school within the year; thus, it did not budget for the purchase of desks for the school. The NG-CDF considered it an emergency during the meeting held on 29th March 2023 and resolved to allocate KSh 1,000,000 for the purchase of 120 desks, but the actual expenditure/amount awarded to Sairera Ltd was KSh 696,000. Management clarified that, due to the need for uniformity in procuring desks across beneficiary institutions, the NG-CDF Committee opted to undertake the procurement centrally on behalf of the schools. Regarding the utilization of the Emergency Reserve, management confirms that expenditures from the reserve are reported to the NG-CDF Board through the monthly expenditure returns submitted regularly.

Committee Observation

1009. The Committee observed that the matter was adequately addressed and resolved.

h) Lack of Final Inspection Certificates and Minutes for Completed Projects

1010. Review of procurement records revealed that a snag list was issued and the final part of moiety retention paid for the following projects; Construction of classrooms, administration block and ablution block at Ruai Primary School, Renovation of classes at Athi Primary School, Construction of a perimeter wall and gate installation at Kasarani Primary School, Construction of 3no.classrooms at Ngundu Primary School, Construction of classrooms at Drumvale Secondary School, Construction of a ramp at Clay Mixed Secondary School and construction of 4 classrooms at Highway Manyatta Secondary School. However, final inspection minutes of works and minutes were not submitted for our audit review despite certificate of completion or handing over certificate being issued.

Management Response

1011. Management stated that the final certificate and minutes were requested from Project implementers. The certificate and minutes are hereby attached for audit verification.

Committee Observation

1012. The Committee observed that the matter was adequately addressed and resolved.

3.10 Kibra Constituency

1013. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Kibra Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.10.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Ineligible Expenditure - Water Projects

1014. The statements of receipts and payments for the year ended 30 June 2017 reflects expenditure totalling Kshs.43,914,545 in respect of other grants and transfers which includes Kshs.2,175,000 for water projects as disclosed in Note 7 to the financial statements. Water is a devolved function under the Constitution and Section 24(a) of the National Government Constituency Development Fund Act, 2015 limits projects to be funded by National Government Constituency Development Fund to those falling under the National Government function. Therefore, the expenditure of Kshs.2,175,000 is ineligible.

Management Response

1015. The payment of Kshs.2,175,000 for the purchase of twenty-five 10,000 litres of water tanks was done to Public Primary Schools and Public Secondary Schools in Kibra Constituency which is within our mandate. Management notes that the expenditure was approved by the NGCDF board.

Committee Observation

1016. The Committee observed that the matter was adequately addressed and resolved.

b) Bank Balance

1017. The statement of assets reflects a bank balance of Kshs.18,481,016.35 as at 30 June 2017. However, the June 2017 bank reconciliation statement reflects unpresented cheques amounting to Kshs.6,874,986 which includes stale cheques totalling Kshs.5,795,353 that were reversed in the cashbook in July 2017. In the circumstances, the accuracy of bank balance of Kshs.18,481,016.35 as at 30 June 2017 cannot be confirmed.

Management Response

1018. Stale cheques amounting to Kshs.5,795,353 reversed in the cash book in the month of June 2016 and re-issued them to new beneficiaries in the month of July 2017.

Committee Observation

1019. The Committee observed that the matter was adequately addressed and resolved.

c) Net Financial Position

1020. The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.18,481,016.35, being the difference between the brought forward fund balance of Kshs.46,774,476.35 and the deficit for the year of Kshs.28,293,460. No explanation has been provided for this anomaly.

Management Response

1021. The template used for financial presentation during the year reflected net liabilities instead of net financial position. The template has since been amended to reflect the correct position as net financial position.

Committee Observation

1022. The Committee observed that the matter was adequately addressed and resolved.

d) Budget and Budgetary Controls (Other Matter)

1023. During the year under review, the fund budgeted expenditure amounted to Kshs.128,671,028.07. However, overall actual expenditures for the year was Kshs.110,190,011.70 resulting in an under expenditure of Kshs.18,481,016.37, which is equivalent to about 14% of the total budget. Further analysis of the budget against actual expenditure indicate that out of the development budget of Kshs.118,714,704, an amount of Kshs.101,224,518 was spent resulting in an under expenditure of Kshs.17,490,186 or 15% of the development budget. This implies that some budgetary provisions and plans were not met which impacted negatively on service delivery to the constituents. The under expenditure was mainly on transfers to other government units - Kshs.1,690,027 and other grants and transfers Kshs.15,800,159. The under expenditure is an indication that approved programs were not fully implemented.

Management Response

1024. The under-expenditure was because of late disbursements of funds by the Exchequer. The funds were eventually used efficiently, and the projects were completed.

Committee Observation

1025. The Committee observed that the matter was adequately addressed and resolved.

3.10.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Other Grants and Other Payments - Unpresented Bursary Cheques

1026. The statement of receipts and payments for the year ended 30 June 2018 reflects an expenditure of Kshs.27,705,796 against other grants and other payments, which includes Kshs.24,723,987 for bursaries to secondary and tertiary schools. However, no satisfactory explanation was given for failure to present cheques amounting to Kshs.3,285,000 for payments. As a result, the validity of the payments totalling Kshs.3,285,000 could not be confirmed.

Management Response

1027. The amount of Kshs. 3,285,000 was for bursary cheques issued to needy beneficiaries and delivered to various institutions, but the institutions had not presented them to the bank for payment; this has now been done.

Committee Observation

1028. The Committee observed that the matter was adequately addressed and resolved.

b) Budget Performance

1029. During the year under review, the CDF management had budgeted to receive from National Government Development Constituencies Fund Board and spend Kshs.116,670,672. However, the Kibra Constituency received Kshs.105,291,361 only or 90% of the budgeted amount in 2017/2018 financial year. The actual expenditure was Kshs.71,069,086 or 67% of the actual total receipts and 61% of the total budget. The overall under expenditure in the year was Kshs.45,601,586 or 39% of the total budget. Further, development budget was Kshs.104,342,773 but the actual expenditure was Kshs.61,027,446 or 58% of the development budget in the year under review, resulting in under expenditure of Kshs.43,315,327 or 42% of the budget. In this regard, the under expenditure implies that all

planned activities and projects were not executed fully and thus, resulting in ineffective delivery of services to the constituents.

Management Response

1030. The under-expenditure resulted from late disbursements of funds by the exchequer. The funds were eventually used efficiently, and the projects were completed.

Committee Observation

1031. The Committee observed that the matter was adequately addressed and resolved.

3.10.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Presentation of Financial Statements

1032. The trial balance of the National Government Constituencies Development Fund (NGCDF) - Kibra Constituency as at 30 June, 2019 is presented on page 12 as a component of the financial statements. This is contrary to the financial reporting guidelines provided by the Public Sector Accounting Standards Board and the provisions of paragraph 21 of IPSAS No. 1 - Presentation of Financial Statements - which provides the components of financial statements.

Management Response

1033. The trial balance was included in the financial statements; however, management noted that this was taken note of and that the occurrence of the same was avoided in the subsequent years, with strict adherence to the financial reporting guidelines provided by the Public Sector Accounting Standards Board and the provisions of paragraph 21 of IPSAS No. 1.

Committee Observation

1034. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance (Other Matter)

1035. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.154,642,462 and Kshs.99,624,716 respectively resulting into a shortfall of Kshs.55,017,746 or 36% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.154,642,462 and Kshs.94,941,280 respectively resulting to an under-expenditure of Kshs.59,701,182 or 39% of the budget. The under-funding and under-expenditure is an indication that some approved projects and programmes were not fully implemented which in turn impacted negatively on efficient and effective delivery of services to the constituents.

Management Response

1036. The underfunding and under-expenditure were due to delays and late disbursement of funds by the Exchequer. The funds were later received, and all projects were completed.

Committee Observation

1037. The Committee observed that the matter was adequately addressed and resolved.

3.10.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Budgetary Control and Performance (Other Matter)

1038. The summary statement of appropriation - recurrent and development combined reflects a final receipts budget and actual receipts on comparable basis of Kshs.197,092,036 and Kshs.127,724,311 respectively, resulting to an under-funding of Kshs.69,367,725 or 35% of the budget. Similarly, the Fund expended Kshs.98,885,438 against an approved budget of Kshs.197,092,036 resulting to an under-expenditure of Kshs.98,206,598 or 50% of the budget. Consequently, the under-funding and under-absorption may have impacted negatively on service delivery to the constituents.

Management Response

1039. The underfunding and under-absorption were due to delays and late disbursement of funds by the exchequer. The funds were later received, and all projects were completed.

Committee Observation

1040. The Committee observed that the matter was adequately addressed and resolved.

b) Approved Projects Not Implemented

1041. Projects estimated to cost Kshs.28,838,873 were approved and included in the project execution programme of the Fund. However, as at 30 June, 2020 the projects had not been implemented contrary to Regulation 11(1)(o) of the National Government Constituencies Development Fund Regulations, 2016 which requires a Constituency Committee to ensure formation of project management committees, opening of project accounts, project implementation and closure of projects. Delayed completion of projects may lead to loss of public funds through price variations.

Management Response

1042. Management confirmed that Kshs.28,838,873 had not been received at the time of the audit. The funds were later received and projects implemented to completion.

Committee Observation

1043. The Committee observed that the matter was adequately addressed and resolved.

3.10.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Inaccuracy of Cash and Cash Equivalents Balance

1044. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.28,557,702. Examination of the bank reconciliation statement for the month of June, 2021 revealed payments in cash book not yet recorded in bank statement totaling Kshs.23,769,739, out of which cheques totaling Kshs.2,199,221 were stale. The stale cheques were dated from 29 April, 2019 to 10 April, 2020 and had not been reversed in the cash book as at 30 June, 2021. In the circumstances, the cash book balance was understated by the amount of stale cheques of Kshs.2,199,221 and therefore the accuracy of cash and bank balances could not be confirmed.

Management Response

1045. The Kshs.2,199,221 were stale cheques issued to the beneficiaries. The cheques have been reversed and reissued as per the copies of replacement lists provided.

Committee Observation

1046. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance (Other Matter)

1047. The summary statement of appropriation reflects a final receipts budget and actual on comparable basis of Kshs.235,295,476 and Kshs.190,206,598 respectively resulting in budget underfunding of Kshs.45,088,879 or 19% of the budget. Similarly, the statement reflects expenditure budget of Kshs.235,295,476 against actual expenditure of Kshs.161,648,896 resulting to an under absorption of Kshs.73,646,580 or 31% of the approved budget. The underfunding and under absorption may have negatively impacted on service delivery to the public.

Management Response

1048. The underfunding and under-absorption were due to delays and late disbursement of funds by the exchequer. The funds were later received, and all projects were completed.

Committee Observation

1049. The Committee observed that the matter was adequately addressed and resolved.

c) Delay in Implementation of Project - Toi Technical and Vocational Education Training Institution

1050. The statement of receipts and payments and the corresponding Note 6 to the financial statements reflects other grants and transfers amount of Kshs.55,612,500 which includes transfers to Tertiary Institutions totaling to Kshs.7,000,000. Available information indicates that the amount was transferred to Toi Technical and Vocational Education Training Institution PMC account vide cheque No. 34767 dated 28 October, 2020. However, as at 11 April, 2022 which is 17 months later, there was no evidence provided indicating that the project implementation process had commenced. No explanation was provided for failure to implement the project or re-allocate the resources to urgent projects. In the circumstances, the public may not derive value for money from the project.

Management Response

1051. The delay in implementing the Toi Technical and Vocational Education Training Institution was that the project was to be financed over several years, and the Kshs.7,000,000 was the 1st allocation; Kibra NG-CDF management was waiting for the disbursement of other funds for the project to start being implemented. The funds were later received, and all projects were completed.

Committee Observation

1052. The Committee observed that the matter was adequately addressed and resolved.

3.10.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Unsupported and Irregular Project Implementation

1053. The statement of receipts and payments and Note 6 to the financial statements reflects transfers to other Government units totalling to Kshs.73,944,000. Included in this amount is transfers to primary schools, secondary schools and tertiary institutions totalling to Kshs.36,850,000, Kshs.13,000,000 and Kshs.24,094,000 respectively. Physical verification carried on four (4) projects with an expenditure of Kshs.49,850,000, in March, 2022 revealed that they were complete and in use. However, the payments were not supported with formal contracts agreements, payment certificates, details of work done, certificates of practical completion, contingent provisions and performance bond or security. In the circumstances, the completeness of transfers to other Government units totalling to Kshs.49,850,000 could not be confirmed.

Management Response

1054. The contract agreements, payment certificates, details of work done, certificates of practical completion, contingent provisions and performance bond or security have since been provided to the auditor for review. Management confirmed that the projects are in use.

Committee Observation

1055. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance (Other Matter)

1056. The summary statement of appropriation reflects a final expenditure budget of Kshs.210,735,459 against actual expenditure of Kshs.188,724,249 resulting to an under absorption of Kshs.22,011,211 or 10% of the approved budget. The under absorption may have negatively impacted on service delivery to the public.

Management Response

1057. The under absorption was occasioned by delayed disbursements of funds by the exchequer. However all the projects have been efficiently done to completion.

Committee Observation

1058. The Committee observed that the matter was adequately addressed and resolved.

c) Unresolved Prior Year Matters (Other Matter)

1059. In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report of Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Control, Risk Management and Governance. However, the management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

Management Response

1060. Management was waiting for an invitation by the parliament committee to have the issue resolved.

Committee Observation

1061. The Committee observed that prior year matters were resolved by the Accounting Officer after submitting relevant documentation to the Office of the Auditor-General, and the matter was resolved.

d) Delay in Project Implementation - Kibra Technical and Vocational College

1062. The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfers to other Government entities amounting to Kshs.73,944,000. Included in this amount is Kshs.24,094,000 transferred to Kibra Technical and Vocation College Project Management Committee (PMC) Account for construction of one storey building comprising of six administration offices, board room, multipurpose hall, cafeteria, six lecture halls, three workshops and a modern library. Available records and information indicated that the Management awarded the construction work to a contractor at a contract price of Kshs.60,000,000 in financial year 2020/2021 without a formal contract. It was further observed that a total of Kshs.31,423,000 was paid to the contractor in the year under review without retention to cater for the defects liability period. Physical verification carried out on 16 March, 2023 revealed that the project was 50% complete and the contractor was not on site. In the circumstances, the public may not derive value for money from the project.

Management Response

1063. This was occasioned by a delay in disbursement of funds; however, the funds were later provided, and the project was completed.

Committee Observation

1064. The Committee observed that the matter was adequately addressed and resolved.

e) Inadequate Safeguarding of Constituency Assets

1065. The Fund maintained an asset register which as disclosed in Annex 4 to the financial statements indicated total historical cost of Kshs.23,298,884 for the year ended 30 June, 2022. However, the assets were not insured against any risk and damage of fire, burglary or theft with exception of the motor vehicle. In the circumstances, Management is exposed to loss of Fund assets in case of any unforeseen disaster.

Management Response

1066. Kibra NG-CDF management acknowledged that the only insurance policy covered the motor vehicle. In financial year 2025/2026, management has since provided insurance for the remaining assets.

Committee Observation

1067. The Committee observed that the matter was adequately addressed and resolved.

3.10.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Inaccuracies in the Statement of Cash Flows

1068. The statement of cash flows reflects a comparative amount of Kshs.923,260 in respect to compensation of employees while the audited prior year financial statements reflect Kshs.992,860 resulting to an unexplained variance of Kshs.69,620. Further, the same statement reflects an amount of Kshs.188,724,249 in respect to total payments while a recast

of the amount revealed Kshs.188,654,629 resulting to unexplained variance of Kshs.69,620. In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

Management Response

1069. Management acknowledged misclassification of items, resulting in the difference of Ksh.69,620. The error was corrected in the subsequent financial year.

Committee Observation

1070. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Bursary Disbursements

1071. The statement of receipts and payments reflects other grants and transfers amount of Kshs.50,768,590 and as disclosed in Note 8 to the financial statements relating to bursary payments of Kshs.37,539,090 and Kshs.13,229,500 disbursed to secondary schools and tertiary institutions and respectively. However, no acknowledged letters from beneficiary institutions were provided for audit. In the circumstances, the accuracy and completeness of bursary disbursements totalling Kshs.50,768,590 could not be confirmed.

Management Response

1072. At the time of the audit, some bursary beneficiaries in different institutions had not returned the acknowledgement receipts; however, they were later brought in the preceding financial year, and copies were provided to the auditor for review.

Committee Observation

1073. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Project Management Committee Balances

1074. Note 19.4 and Annex 5 to the financial statements reflects Project Management Committee (PMC) bank accounts balance of Kshs.709,153. However, the cash books and bank reconciliation statements for the individual PMC accounts were not provided for audit. In the circumstances, the accuracy and completeness of the PMC accounts balance of Kshs.709,153 could not be confirmed.

Management Response

1075. At the time of the audit, there were no cash books or bank reconciliation statements for individual PMC accounts, as they were held at the District Accountant's office; however, they have since been availed to the auditor for review.

Committee Observation

1076. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance (Emphasis of Matter)

1077. The summary statement of appropriation reflects final reflects final receipts budget amount of Kshs.167,598,814 and actual on comparable basis amounts of Kshs.109,511,211 resulting to under-funding of Kshs.58,087,603 or 35% of the of the budget. However, the Fund spent Kshs.78,390,946 against actual receipts of Kshs.109,511,211 resulting to under-utilization of Kshs.31,120,265 or 28% of the actual receipts. The under-funding and under-utilization

affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1078. The under-funding and under-utilization were due to delays and late disbursements of funds. However, the funds were later received and projects were completed.

Committee Observation

1079. The Committee observed that the matter was adequately addressed and resolved.

e) Failure to Maintain a Memorandum Cash Book

1080. Review of imprest records revealed that the Fund operates a standing imprest with a float of Kshs.100,000. However, a memorandum cash book to record all receipts and payments was not maintained and the balance in hand at any given time could not be determined. In the circumstances, the effectiveness of internal controls on imprests management could not be confirmed.

Management Response

1081. Management confirmed that it has been maintaining Excel utilisation schedules from when the cash is received until it is fully utilised, as shown in the attached copies of the sampled schedules. This clearly shows that there is no misuse of funds in operations. Following the Auditor-General's advice, management started maintaining memorandum cash as per the attached copies.

Committee Observation

1082. The Committee observed that the matter was adequately addressed and resolved.

3.11 Langata Constituency

1083. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Langata Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.11.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Ineligible Expenditure - Water and Sewer Projects

1084. The statements of receipts and payments for the year ended 30 June 2017 reflects expenditure of Kshs.48,935,878.20 in respect of other grants and transfers and as disclosed in Note 7 to the financial statements includes an amount of Kshs.1,954,488.75 for water and sewer projects. Water is a devolved function under the Constitution and Section 24(a) of the National Government Constituency Development Fund Act, 2015 limits projects to be funded by National Government Constituency Development Fund to those falling under the National Government function. Therefore, the expenditure of Kshs.1,954,488.75 is ineligible.

Management Response

1085. The amount of Kshs. 1,954,488.75 was for Manyatta, Wilson and Southland ablution blocks, which were approved in the financial year 2015/2016. These projects were initially classified

under water and sewer projects, as shown in the provided code list. Management confirmed that the Board approved the project.

Committee Observation

1086. The Committee observed that the matter was adequately addressed and resolved.

b) PMC Bank Accounts

1087. Annex 5 to the financial statements on Project Management Committee (PMC) bank accounts reflects balances totalling Kshs.8,256,493.77 as at 30 June 2017 but casts to Kshs.9,933,385.22 resulting in unexplained difference of Kshs.1,676,891.45.

Management Response

1088. The PMC balance had an undercast. Some of the amounts stated for the different PMC accounts had been misstated but the balances were however corrected as shown in the tabulation. Additionally, the PMC Confirmation of bank balances has since been provided.

Committee Observation

1089. The Committee observed that the matter was adequately addressed and resolved.

c) Bank Balance

1090. The statement of assets and liabilities as at 30 June 2017 reflects a bank balance of Kshs.3,508,753.62 as at 30 June 2017. However, bank reconciliation statement bank account for June 2017 reflects unpresented cheques totalling Kshs.7,906,684 out of which cheques worth Kshs.1,369,024 had gone stale as at 30 June 2017. Further, and as reported in the previous year, the financial statements exclude a bank balance of Kshs.12,409,794.07 in the cooperative bank account. In addition, bank reconciliation statement, cashbook and bank certificate for the co-operative bank account were not provided for audit verification. Management however explained that the account is the subject of an on-going court case. In the circumstances, the accuracy of bank balance of Kshs.3,508,753.62 as at 30 June 2017 cannot be confirmed.

Management Response

1091. The certificate of Bank balances for the Langata NG-CDF account as at 30th June 2017 was provided. Additionally, stale cheques totaling to Ksh.1,369,024 were reversed/cancelled in the cashbook. The cooperative bank account had an ongoing case, with the next hearing on 8th May 2018.

Committee Observation

1092. The Committee observed that the matter was adequately addressed and resolved.

d) Net Financial Position

1093. The statement of assets and liabilities as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.3,508,753.62, being the sum of the brought forward fund balance of Kshs.2,843,279.27 and the surplus for the year of Kshs.665,474.35. No explanation has been provided for this anomaly.

Management Response

1094. The template provided reflected the statement of assets and liabilities as at 30 June 2017 reflects net liabilities instead of net financial position. However, the template has since been reviewed.

Committee Observation

1095. The Committee observed that the matter was adequately addressed and resolved.

e) Budgetary and Budgetary Controls (Other Matter)

1096. The summary statement of appropriation reflects budgeted expenditure of Kshs.132,662,737 against actual expenditure of Kshs.129,153,983 resulting in an under expenditure of Kshs.3,508,754 as detailed below:

Table 20: Langata Constituency, FY 2016/2017 – Budgetary and Budgetary Controls (Other Matter)

Audit Components	Final Budget Figures	Actual Expenditure Figures	Under Expenditure
	Kshs	**Kshs**	**Kshs**
Compensation of Employees	3,160,278	3,160,278	3,160,278
Use of goods and Services	8,853,429	8,222,770	630,659
Transfer to other govt. entities	64,226,101	62,930,884	1,295,217
Other Grants and transfers	49,972,452	48,935,878	1,036,574
Acquisition of assets	6,450,477	5,904,173	546,304
Total	132,662,736	129,153,983	3,508,754

1097. Although the fund had an overall absorption rate of 97%, the constituency did not fully implement the budget as approved by the Board.

Management Response

1098. The under-expenditure resulted from late disbursement of funds. The funds were fully implemented.

Committee Observation

1099. The Committee observed that the matter was adequately addressed and resolved.

3.11.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Budget Performance - Under Absorption of Expenditure Budget

1100. Langata NG-CDF management had budgeted to spend Kshs.101,698,409 but the actual expenditure was Kshs.45,723,927 or 45% of the total budget resulting in under expenditure

of Kshs.55,974,482 or 55% which has not been explained satisfactorily. Further, the development budget was Kshs.88,461,339 against actual expenditure of Kshs.38,311,316 or 43% of the development budget resulting in under expenditure of Kshs.50,150,023 or 57% which equally has not been explained satisfactorily. In this regard, under expenditure on the budgeted amounts implies that planned activities and programmes were not executed and hence, resulting in inefficient and ineffective service delivery to the constituents.

Management Response

1101. The under-expenditure in transfers to other Government entities and other grants and transfers was caused by late disbursement of funds from the NG CDF Board. However, the projects were implemented as soon as the funds were disbursed; besides, this was within three years in accordance with Regulation 11(1) j.

Committee Observation

1102. The Committee observed that the matter was adequately addressed and resolved.

b) Occupation of Completed Projects by Unauthorized Persons - Raila Village

1103. The Langata NG-CDF management constructed a chief's office and a multipurpose hall at Raila Village in Langata Constituency at a cost of Ksh.10,836,530. The two buildings were completed in the year 2017 and the final payment of Kshs.541,746 made on 20 July 2017. An audit inspection and verification on 4 April 2019 revealed that the office was complete but not being occupied by the Assistant Chief. The facility was instead being occupied by a village chairman and used for private matters. In addition, the multipurpose hall was being used by an unknown church. The Langata NG-CDF management did not explain the anomaly or the action taken to remedy the situation. In the circumstances, value for money on construction of the chief's office and the multipurpose hall has not been achieved.

Management Response

1104. The office was not occupied at the time of the audit. However, the office was handed over to the users, and it is in use.

Committee Observation

1105. The Committee observed that the matter was adequately addressed and resolved.

3.11.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Presentation of the Financial Statements

1106. The statement of assets and liabilities as at 30 June, 2019 reflects total financial assets of Kshs.41,674,597 and nil total financial liabilities. However, the statement incorrectly reflects net financial position of Kshs.41,674,597 as net liabilities, contrary to the guidelines issued by the Public Sector Accounting Standards Board.

Management Response

1107. The template provided reflected the statement of assets and liabilities as at 30 June 2019 reflects net liabilities instead of net financial position. However, the template has since been reviewed.

Committee Observation

1108. The Committee observed that the matter was adequately addressed and resolved.

b) Unpresented Bursary Cheques

1109. The statement of receipts and payments for the year under review reflects an expenditure of Kshs.54,872,300 under other grants and other payments. The amount includes Kshs.27,844,000 issued as bursaries to secondary schools. However, cheques with a total amount of Kshs.1,951,000 were not presented for payment without any satisfactory explanation. As a result, the validity of payments totaling to Kshs.1,951,000 could not be confirmed.

Management Response

1110. Bursary cheques amounting to Kshs.1,951,000 had not been presented for payment as required by the beneficiaries by year end. The cheques remain valid for six months, in this case once they became stale, they were reversed in the cash book and reissued to other needy students. The cheques later cleared in the bank.

Committee Observation

1111. The Committee observed that the matter was adequately addressed and resolved.

c) Budget Control and Performance

1112. The summary statement of appropriation: recurrent and development combined for the year under review, indicates that NG-CDF-Langata Constituency had budgeted to receive and spend Kshs.165,048,358 from the National Government Constituencies Development Fund Board. However, the actual expenditure during the year totalled to Kshs.123,373,760 resulting in an under expenditure of Kshs.41,674,598 or 25% of the total receipts. Further, out of the Kshs.151,468,082 development budget, only Kshs.115,607,592 was spent resulting in an under expenditure of Kshs.35,860,490 or 24% of the development budget. The under expenditure is an indication that some approved projects and programmes were not fully implemented which in turn impacted negatively on efficient and effective delivery of services to the constituents.

Management Response

1113. During the year under review, the Fund only utilized a total of 74.8% (Kshs.123,373,760). However, this was because of the late disbursement of funds from the NG-CDF Board, as Kshs. 55,040,875.50 (A.I.E. No. B047594 was received on 20th June 2019. With only ten days remaining, the funding could not be absorbed by year-end. However, the planned projects were implemented accordingly.

Committee Observation

1114. The Committee observed that the matter was adequately addressed and resolved.

d) Unoccupied Silanga Chief's Camp

1115. Examination of contract documents revealed that Langata NG-CDF awarded a contract to a local construction company to construct a Chief's camp at Undugu Grounds, Silanga at contract sum of Kshs.11,306,435 in the year 2013/2014. Although the building was completed in September, 2016, the Chiefs Camp is yet to be taken over by the administration. Further, audit Inspection undertaken on 16 January, 2020 revealed that the premise was not connected

with electricity and water and was not occupied by the current chief who resides in a rented apartment. In addition, the window panes had been vandalized, since the land had not been surveyed and fenced off to reduce misuse and the risk of encroachment and grabbing. Consequently, value for money on construction of the Chief's Office has not been realized.

Management Response

1116. The project was handed over to the office of Langata Deputy County Commissioner vide letter dated 21st March 2019, Ref: NGCDF/LGT/2019/VOL1/3/21.

Committee Observation

1117. The Committee observed that the matter was adequately addressed and resolved.

e) Inadequacies in the Construction of an Ablution Block at Langata Barracks Primary School

1118. Examination of contract documents revealed that Langata NG-CDF contracted a construction company to construct an eighteen (18) door ablution block at a contract sum of Kshs.4,150,000. The works started 28 November, 2018 and were due for completion on 13 February, 2019. However, an audit inspection undertaken on 16 January, 2020 revealed that the block had no piped water for cisterns and urinals and the overhead tank was leaking causing the ceiling to fall off. Further, the general gradient of the toilet floor incline towards the inside instead of outwards leading to flooding. The water closet and toilet cisterns were also faulty and not in use making the whole ablution block unusable. In the circumstances, value for money on construction of the eighteen (18) door ablution block cannot been ascertained.

Management Response

1119. The defects were noted during the audit inspection. However, the office utilized the retention for repair works. A confirmation of the ablution block in use is as per the attached.

Committee Observation

1120. The Committee observed that the matter was adequately addressed and resolved.

f) Poor Workmanship on Renovation Works at Langata West Primary School

1121. Langata NG-CDF contracted a local company to renovate floors and roofs for seven (7) classrooms at a contract sum of Kshs.3,000,000. The works started on 28 August, 2019 and were due for completion on 1 October, 2019. However, an audit inspection undertaken on 16 January, 2020 at the school revealed that, although the classrooms were in use, some door frame's molding had chipped off. Further, the classroom doors were opening inwards instead of outwards as required by classroom standards and best practices/guidelines from the Ministry of Education.

Management Response

1122. Since the project was still under the default period, the contractor was recalled to rectify the issues identified at that time.

Committee Observation

1123. The Committee observed that the matter was adequately addressed and resolved.

3.11.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Budgetary Control and Performance

1124. The statement of appropriation: recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.179,110,062 and Kshs.109,742,337 respectively resulting to an under-funding of Kshs.69,367,724 or 39% of the budget. Similarly, the Fund expended Kshs.105,910,816 against an approved budget of Kshs.179,110,062 resulting to an under-expenditure of Kshs.73,199,245 or 41% of the approved budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Lang'ata Constituency.

Management Response

1125. During the year under review, Langata NG-CDF only utilized 41% of the approved budget. This was due to the fact that Langata NG-CDF received only Kshs.68,000,000 of the expected Kshs.179,042,322 during the financial year. Out of the Kshs.68,000,000 received, Kshs.44,000,000 was received in the 3rd and 4th quarters of the financial year. The remaining funds were received in the financial year 2020/2021. In the foregoing, it was practically impossible to fully implement budgeted for projects within the financial year.

Committee Observation

1126. The Committee observed that the matter was adequately addressed and resolved.

3.11.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Budgetary Control and Performance

1127. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs.212,908,125 and Kshs.164,219,246 respectively, resulting into an under-funding of Kshs.48,688,879 or 23% of the budget. Similarly, the Fund spent Kshs.127,905,912 against an approved budget of Kshs.212,908,125 resulting to an under-expenditure of Kshs.85,002,213 or 40% of the budget. The underfunding and under-absorption may have impacted negatively on service delivery to the constituents of Langata.

Management Response

1128. During the year under review, Langata NG-CDF only utilized 60.1% of the approved budget. This was because Langata NG-CDF received only Kshs.164,219,245.72 of the expected Kshs.212,908,125 during the financial year, which represents only 77.1%. In addition, of the funds received, six AIEs amounting to Kshs.55,100,000 were received in the 3rd quarter of the financial year, while six AIEs amounting to Kshs.50,650,000 were received in the 4th quarter of the financial year. The remaining funds were received in the financial year 2021/2022, with Kshs.12,088,879 not yet received from the NG-CDF Board.

Committee Observation

1129. The Committee observed that the matter was adequately addressed and resolved.

3.11.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Borehole Rehabilitation at Kongoni Primary School (Other Matter)

1130. As previously reported, physical verification of projects revealed that Kshs.5,000,000 was transferred to PMC account for rehabilitation of an existing borehole at Kongoni Primary School which had been drilled and equipped within the school in 2003 (nineteen years ago) by Ministry of Water and Irrigation. However, it had never been commissioned or put to use since then. As a result some of the borehole's components had been vandalized. Although the borehole rehabilitation subsequently took place, the water had not been consumed by the school children since the results for the water samples taken by Nairobi City Water and Sewerage Company in January, 2022 for testing had not been communicated to the School Management. Further, the certificate of completion and handover minutes of the borehole were not provided for audit. Physical verification carried out on 8 March, 2023 revealed that the borehole is still not in use.

Management Response

1131. Langata NG-CDF requested the Kongoni Primary School Management to follow up with Nairobi City Water and Sewage Company to ensure the borehole water is tested and confirmed fit for consumption. The school sent correspondence to Nairobi City Water and Sewage Company.

Committee Observation

1132. The Committee observed that the matter was adequately addressed and resolved.

b) Unapproved Variations of Works at Kongoni Secondary School

1133. The statement of receipts and payments reflects an amount of Kshs.99,169,059 in respect of transfers to other Government units as disclosed in Note 6 to the financial statements out of which an amount of Kshs.84,300,000 was disbursed to Kongoni Secondary School for construction of two (2) storey building comprising of nine (9) classrooms block, administration block with twenty offices, secretarial pool, bathrooms, staff room and 24 No. door ablution block. The contract was competitively awarded to a contractor at a contract sum of Kshs.92,417,657. Review of documents available in the project file revealed that a variation totaling to Kshs.18,795,480 was requested by the contractor and approved by an appointed variations committee and with the project architect from the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works on 28 September, 2022 and 9 November, 2022 respectively. The varied Bill of Quantities were however not signed by the Architect. It was further noted that the Project Management Committee (PMC) approved down scaling of specific works valued at Kshs.18,795,480 to cater for the variation. This resulted to the contractor handing over completed works comprising of 9 classrooms and 18 door ablution block with the administration block including twenty offices, secretarial pool, bath rooms, staff room and 6 door ablution block not done. The completed works were handed over on 17 January, 2023 to the PMC and a certificate of practical completion of the scaled down issued on 20 December, 2022. Physical verification carried out on 8 March, 2023 revealed that the scaled down works were indeed completed, and the contractor had left the site. However, the Fund Management did not provide details as to when the outstanding works as per the original contract, which include administration block with twenty offices, secretarial pool, bathrooms, staff room and 6 door ablution block for the project to be

complete would be carried out. In the circumstances, the full completion of the project so as to achieve its intended use is in doubt.

Management Response

1134. During the year under review, the implementation of this project was ongoing and as much as the variation was realized at the foundation stage. The Public Procurement and Asset Disposal Act 2015, S.139(4) states that a variation can only be considered after twelve (12) months from the date of signing a contract. To secure this allocation, the Langata NG-CDF Committee included it in the 2022/2023 Financial Year's proposal, which was approved, and the project was implemented to completion.

Committee Observation

1135. The Committee observed that the matter was adequately addressed and resolved.

c) Unutilized Project Management Committee Funds

1136. Note 17.4 to the financial statements reflects project management committees unutilized fund balances totaling to Kshs.47,095,496 as at 30 June, 2022 and as further analyzed in the financial statements. However, an amount of Kshs.2,027,190 in respect of completed projects had not been returned to the Constituency account contrary to Section 12(8) of the National Government Constituency Development Fund Act, 2015 which requires all unutilized funds of the Project Management Committee to be returned to the constituency account. In the circumstances, Management was in breach of the law.

Management Response

1137. The PMC accounts of different projects held large amounts of funds as at the year-end. However, the projects for which the funds were meant to be utilized were at different stages of implementation. Due to delayed disbursement of funds from the NG-CDF Board, the extensive tendering process, and the lengthy implementation process, some projects were not completed within the financial year. Some projects were at the tendering stage, others were ongoing, and others had just been completed, but final payments and retentions had yet to be released to the contractors or suppliers. In this case, it was practically impossible to close the PMCs at the year-end and return the balances to the main account. Langata NG-CDF, however, ensures that all PMC accounts are closed and balances recalled back to the main account for reallocation.

Committee Observation

1138. The Committee observed that the matter was adequately addressed and resolved.

3.11.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Unsupported Bursary Expenditure

1139. The statement of receipts and payments reflects other grants and transfers amount of Kshs.53,245,000 as disclosed in Note 8 to the financial statements. Included in the expenditure are bursaries to secondary, tertiary and special school amounting to Kshs.30,910,000, Kshs.20,000,000 and Kshs.1,995,000 respectively. However, the specific criteria of awarding the bursaries and acknowledgement letters from the beneficiary institutions were not provided for review. In circumstances, the accuracy and completeness of bursary expenditure amounting to Kshs.52,905,000 could not be confirmed.

Management Response

1140. The bursary award criteria were provided, and data entry was done after analyzing each applicant's form. The fund has an education bursary, mock examinations, and continuous assessment tests sub-committee that vetted bursary application evidence. However, if a committee is needed specifically for bursary vetting, management has noted it.

Committee Observation

1141. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Project Management Committee Balances

1142. Note 18.4 and Annex 5 to the financial statements reflects Project Management Committee (PMC) bank balances totaling Kshs.7,980,812. However, the cashbooks, bank reconciliation statements and certificates of bank balances for the individual accounts were not provided for audit. In the circumstances, the accuracy and completeness of PMC bank balance of Kshs.7,980,812 could not be confirmed.

Management Response

1143. The management submitted bank statements and balance confirmation certificates.

Committee Observation

1144. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance (Emphasis of Matter)

1145. The summary statement of appropriation reflects approved budgeted receipts of Kshs.157,144,739 and actual receipts on comparable basis of Kshs.99,052,635 resulting in underfunding of Kshs.58,092,104 or 37% of the budget. However, the Fund spent Kshs.74,351,149 against actual receipts of Kshs.99,052,635 resulting to an under-utilization of Kshs.24,701,486 or 25% of the actual receipts. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1146. Langata NG-CDF did not implement all projects proposed for the year under review because of delays in disbursement from the NG-CDF Board. Out of a total allocation of 145,087,603.00 KES, the office received a total of 87,000,000.00 KES, out of which 15,000,000.00 was received on the 22nd June 2023, just eight days before the closure of the year. As a result, it was impractical to implement all projects within the year under review. However, the projects have been implemented; some are complete, some are ongoing, whereas one (Karen C Girls' dormitory) was still in the procurement stage.

Committee Observation

1147. The Committee observed that the matter was adequately addressed and resolved.

d) Non-Implementation of Projects

1148. The summary statement of appropriation, reflects an amount of Kshs.47,690,025 on transfers to other Government units for various projects. However, physical inspection carried out in March, 2024 revealed that projects with a budget allocation of Kshs.10,290,025 had not been

implemented. In circumstances, value for money spent on transfers to other Government units amounting to Kshs.10,290,025 could not be confirmed.

Management Response

1149. Implementation of projects for the year under review was delayed because Langata NG-CDF prioritised bursaries. Additionally, disbursements from the NG-CDF Board were delayed, as evidenced in the provided statement excerpts and A.I.Es .

Committee Observation

1150. The Committee observed that the matter was adequately addressed and resolved.

e) Inadequacies in Implementation of Kongoni Secondary School Project

1151. The statement of receipts and payments reflects an amount of Kshs.10,290,025 in respect of transfer to other Government units out of which an amount of Kshs.5,200,000 was in respect of transfers to secondary schools. Included in the transfers is an amount of Kshs.1,200,000 disbursed to Kongoni secondary school for construction of two (2) storey building comprising of nine (9) classrooms block, administration block with twenty (20) offices, secretarial pool, bath rooms, staff room and 24 door ablution block all with a contract sum of Kshs.92,417,657. However, payments amounting to Kshs.28,095,746 were made to the contractor 08 February, 2023 despite the performance bond for the contractor having expired on 27 January 2023. Further, despite there being no retention withheld as per the certificate No.6, the Fund Management released 50% of the retention money to the contractor on 08 February, 2023 and on 20 February, 2023 the Fund Management wrote to the contractor informing him of intention to award the remaining works to another contractor. The new contractor was pronounced directly without justification. This was contrary to Section 91(1) and (2) of the Public Procurement and Asset Disposal Act, 2015 which states that open tendering shall be the preferred procurement method for Procurement procedure only if that procedure is allowed and satisfies the conditions under this Act for use of the method. The new contractor was paid an amount of Kshs.4,611,252 on 05 April, 2023 but there was no evidence of any additional works done and supported by inspection and acceptance reports. Physical verification carried out in March, 2024 revealed that the project had been abandoned as the contractor was not on site. In the circumstances, Management was in breach of the law.

Management Response

1152. Langata NG-CDF transferred a total of 1,200,000.00 KES to Kongoni Secondary school PMC account on the 27th June, 2023. This money had been allocated to the institution for the purchase of 200 students' lockers and chairs. The project was fully implemented as evidenced. The payment to the contractor was done since the contractor had completed the works as per the practical completion certificate from the engineer dated 19th January 2023 which was before the lapse of the performance bond. Additionally, certificate No.6 was the release of 50% retention upon practical completion of the project therefore no retention on the certificate would be withheld as evidenced in the attached payment certificates and practical completion certificate. On the other hand, the utilization of the contractor's retainers came up as a result of several reminders to come and address pending works. These reminders were made by both the PMC and financier. After it appeared that there was no goodwill to address the issues, the financier resulted to engaging another contractor because the situation was dire and the institution was facing so much pressure from stakeholders to open up the institution for form one intake in May 2023. Procurement was done where Request for Quotation was the used

and the lowest evaluated bidder was awarded the contract. All the procurement documents are herein attached for your verification.

Committee Observation

1153. The Committee observed that the matter was adequately addressed and resolved.

3.12 Makadara Constituency

1154. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Makadara Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.12.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

Basis of Opinion

a) Presentation and Disclosures in the Financial Statements

1155. No disclosures have been made on Project Management Committee (PMC) bank balances as at 30 June 2017. Further, the summary of fixed assets registers at annex 4 to the financial statements reflects movement of Kshs. 58,700. However, the statement of receipts and payments reflects nil expenditure under acquisition of assets. Consequently, the financial statements have not been presented in accordance with the presentation guidelines issued by the Public Sector Accounting Standards Board.

Management Response

1156. The Project Management Committee (PMC) bank balances were not disclosed due to an oversight during preparation of the financial statements, while the movement reflected in the fixed assets register related to assets recorded from prior-period balances and adjustments; therefore, no corresponding expenditure was captured under acquisition of assets during the year. Management has since familiarized itself with the PSASB reporting requirements, and measures have been put in place to ensure that all required disclosures, including PMC balances and asset movements, are properly presented in subsequent financial statements in accordance with the prescribed guidelines.

Committee Observation

1157. The Committee observed that the matter was adequately addressed and resolved.

b) Other Payments

1158. The statement of receipts and payments for the year ended 30 June 2017 reflects other payments expenditure amounting to Kshs. 5,560,166 and as disclosed in Note 9 to Financial Statements. However, the expenditure was not budgeted for in 2016/2017 financial year. In the circumstances the validity of the expenditure totaling Kshs. 5,560,166 cannot be confirmed.

Management Response

1159. Management confirmed that the expenditure was incurred on legitimate Fund activities and was duly supported by approved code lists authorizing the respective activities and payments.

Committee Observation

1160. The Committee observed that the matter was adequately addressed and resolved.

c) Other Grants and Other Payments

1161. Other grants and other payments amounting to Kshs. 41,096,855 reflected in the statement of receipts and payments for the year ended 30 June 2017 includes bursaries to secondary and tertiary institutions totaling Kshs. 34,380,640. However, by the end of the year, cheques totaling Kshs. 5,900,000 had not been presented for payment by the recipients. The Unpresented bursary cheques may be an indicator that the evaluation process and final disbursements were not done appropriately and fairly.

Management Response

1162. The delay in presentation of the cheques was mainly attributable to beneficiaries not collecting the cheques on time and delays in forwarding the cheques to the respective institutions, rather than weaknesses in the bursary evaluation and disbursement

1163. Management confirmed that the relevant committee duly vetted and approved the beneficiaries before issuing the cheques. Management stated that the unpresented cheques were later presented, as evidenced by the bank statement and Bank Reconciliation. Management also strengthened tracking and follow-up mechanisms to ensure timely collection and banking of bursary cheques in future.

Committee Observation

1164. The Committee observed that the matter was adequately addressed and resolved.

d) Bank Balance

1165. The statement of financial assets as at 30 June 2017 reflects a bank balance of Kshs. 2,531,036 which represents the balance as per the bank certificate. However, the cashbook reflects an overdrawn balance of Kshs. 3,459,187 resulting in unreconciled difference of Kshs. 5,990,223. Consequently, the accuracy of bank balance of Kshs. 2,531,036 as at 30 June 2017 cannot be confirmed.

Management Response

1166. The unreconciled difference was caused by a garnishee order dated 16/06/2017 in the amount of 5,560,165.52. posted in the cashbook in June 2017, which was previously an amount in the bank, not in the cashbook.

Committee Observation

1167. The Committee observed that the matter was adequately addressed and resolved.

e) Net Financial Position

1168. The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs. 2,531,036, being the difference between the brought forward fund balance of Kshs. 25,011,281 and the deficit for the year of Kshs. 22,480,245. No explanation has been provided for this anomaly.

Management Response

1169. Management confirmed that the reported figure represented the correct net financial position, being the difference between the brought-forward fund balance and the deficit for the year, and that the misclassification as net liabilities was a presentation error attributable to the template anomaly rather than an underlying financial irregularity. The matter has since been noted, and subsequent financial statements have been prepared using updated templates.

Committee Observation

1170. The Committee observed that the matter was adequately addressed and resolved.

f) Unconfirmed Supply of Furniture to Schools

1171. Information available at the Fund's constituency office indicate that some merchants claim to have supplied furniture to schools within the constituency between July 2009 and December 2012 at a cost of Kshs. 47,428,765,52 without adequate documentation and instructions. It is not clear how the contracts were awarded and on what basis the items were supplied to the public schools in Makadara Constituency.

1172. A letter by the Fund Manager to thirty-three schools dated 4 January 2016 requesting confirmation of receipt of the furniture had only twelve schools responding. The remaining twenty-one schools did not respond on whether they were supplied with the furniture or not. However, no delivery notes, inspection and acceptance committee reports, contract documents, tender documents and LPOs/LSOs were attached to the letter sent to the thirty-three schools.

1173. Further information indicates that there was no budget provided or allocated for the supplies in the respective financial years when the contracts were purportedly awarded. It was further noted that several court suits have since been filed against the Fund by the merchants on the matter and even a Garnishee Order Nisi issued against the Fund's bank Account No. 0950262163417 at Equity Bank –Buru Buru Branch.

Management Response

1174. The Makadara NGCDFC compiled a report and sought an advisory opinion from the Public Procurement Regulatory Authority, which directed the NGCDFC to seek further advice from the Attorney General's Office. The matter is still before the Attorney General, and the NGCDFC is awaiting the Attorney General's guidance. There being no delivery notes, inspection and acceptance committee reports, contract documents, tender documents and LPOs/LSOs the NG-CDFC could not take any further action since no bidding contracts existed.

Committee Observation

1175. The Committee observed that the NG-CDFC was awaiting an advisory opinion from the Attorney General.

Committee Recommendation

1176. The Committee recommends that the Office of the Auditor General keeps the matter in view and report in subsequent audit cycles.

Other Matter

g) Budget and Budgetary Controls

1177. During the year under review, the fund budgeted to spend Kshs. 108,999,833. However, overall actual expenditure for the year amounted to Kshs. 106,468,797 resulting in overall an under expenditure of Kshs. 2,531,036 which is equivalent to about 2% of the total budget. Further analysis of the budget against actual expenditure indicates that administration expenses for the year amounted to Kshs. 6,956,354 against a budget of Kshs. 11,191,490 resulting in an under expenditure of Kshs. 4,235,136. Out of the development budget of Kshs. 97,808,343 an amount of Kshs. 99,512,443 was spent resulting in over expenditure of Kshs. 1,704,100. In addition, there was a nil budgetary provision on other payments but an actual expenditure of Kshs. 5,560,166. This implies that some expenditure items were incurred without budgetary provisions and approval from the Board.

Management Response

1178. Underperformance was occasioned by delays in release of fund from board. The funds were disbursed in the subsequent financial years and projects were implemented as per project implementation status. Management also wish to state that other payments of Kshs. 5,560,166 which auditors noted was due Garnishee Order received during the financial year and approved in the Codelist.

Committee Observation

1179. The Committee observed that the matter was adequately addressed and resolved.

3.12.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Purchase of Uniforms

1180. Disclosed in Note 7 to the financial statements under other grants and payments is an expenditure of Kshs. 1,692,000 on sports. The amount includes Kshs. 1,102,000 spent on purchase of sports uniforms for Makadara teams. However, documents in support the expenditure were not provided for audit review. As a result, the propriety of the expenditure of Kshs.1,1002,000 could not be confirmed. In addition, verification of the uniforms undertaken on 14 March 2019 revealed that they were delivered on undisclosed date but had not been distributed.

Management Response

1181. The uniforms were delivered to all teams that had requested them in line with programs that were planned by the NGCDFC Makadara, as evidenced by pictorial evidence during issuance and the delivery report.

Committee Observation

1182. The Committee observed that the matter was adequately addressed and resolved.

Report on Lawfulness and Effectiveness in Use of Public Resources

b) Budget Performance - Under Absorption of the Expenditure

1183. During the year under review, the fund's budgeted expenditure amounted to Kshs. 100,720,691. However, overall actual expenditure for the year was Kshs. 53,996,966, resulting in an under expenditure of Kshs. 46,723,725, which is equivalent to about 46% of

the total budget. The under expenditure was mainly on transfers to other government units- Kshs. 32,565,542, other grants and transfers - Kshs. 7,088,329 and other payments - Kshs. 4,677,027.

1184. Further analysis of the budget against actual expenditure indicates that out of the development budget of Kshs. 87,253,398, an amount of Kshs. 42,922,500 was spent resulting in an under expenditure of Kshs. 44,330,898 or 51% of the development budget. This implies that some development budgetary provisions and plans were not met which impacted negatively on service delivery to the constituents.

Management Response

1185. The funds for the financial year 2017/2018 were received as follows;

Table 21: Makadara Constituency, FY 2017/2018 – Budget Performance - Under Absorption of the Expenditure

NO	AMOUNT RECEIVED
1	5,500,000.00
2	37,905,172.00
3	33,405,172.80
4	11,379,310.00

1186. Due to late disbursement of funds all the projects could not be fully implemented by the end of the financial year. However, after receipt of funds the implementation of project was done as evidence by summary schedule of projects and projects completion certificate and photo.

Committee Observation

1187. The Committee observed that the matter was adequately addressed and resolved.

c) Unconfirmed Supply of Furniture to Schools

1188. As previously reported, information available at the Fund's constituency office indicate that some merchants claimed to have supplied furniture to schools within the constituency between July 2009 and December 2012 at a cost of Kshs. 47,428,765,52 without adequate documentation and instructions. It is not clear how the contracts were awarded and on what basis the items were supplied to the public schools in Makadara Constituency.

1189. A letter by the Fund Manager to thirty-three schools dated 4 January 2016 requesting confirmation of receipt of the furniture had only twelve schools responding. The remaining twenty-one schools did not respond on whether they were supplied with the furniture or not. The Makadara District Education Officer through a letter Ref: MAK/EDU/5/10/11 of 28 November 2011 gave details of the lockers and chairs supplied to Makadara public schools. However, the letter was not supported by delivery notes, inspection and acceptance committee reports, Contract documents, tender documents, and LPOs/LSOs. Therefore, its authenticity could not be ascertained.

1190. Further information indicates that there was no budget provided or allocated for the supplies in the respective financial years when the contracts were purportedly awarded. It was further noted that several court suits have since been filed against the Fund by the merchants on the matter and even a Garnishee Order Nisi issued against the Fund's bank Account No.0950262163417 at Equity Bank –Buru Buru Branch.

Management Response

1191. The Makadara NGCDFC compiled a report on the above, which is attached. The NGCDFC further sought an advisory opinion from the Public Procurement Regulatory Authority, which in turn directed the NGCDFC to seek further advice from the Attorney General's Office. The matter is still before the Attorney General, and the NGCDFC is awaiting the Attorney General's guidance. With no delivery notes, inspection and acceptance committee reports, contract documents, tender documents, or LPOs/LSOs, the NG-CDFC could not take further action because no bidding contracts existed.

Committee Observation

1192. The Committee observed that certain merchants have claimed to have supplied furniture to schools within the constituency between July 2009 and December 2012, amounting to Kshs. 47,428,765.52, without adequate supporting documentation or formal instructions.

1193. The Committee directed the NG-CDF Board submits a comprehensive response regarding the above matter by close of business, Thursday 14th May, 2026.

d) Failure to Account for Stadium Hire Charges-Camp Toyoyo

1194. The Makadara NG-CDF spent over Kshs. 72,246,842 to construct and rehabilitate Camp Toyoyo Stadium between financial years 2013 to 2017. The facility was handed over to the local Community-based management (CBM) called Camp Toyoyo Project Management Committee after its completion. This was done to enable the local people deal with the unique social, political and economic issues within the Constituency. The Camp Toyoyo Project Management Committee was to hire the facility for practice sessions or full matches to various teams at a fee. The rates were fixed at Kshs. 10,000 per match and or practice sessions for division one or premier league teams and Kshs. 5,000 for other teams. All Makadara based teams play or practice for free.

1195. The fee was to be used for maintaining the facility to make it be in a good working condition for the users. The management opened a bank account (Camp Toyoyo Project Management Committee Equity Bank Account No 0950166457342 domiciled at Buru Buru Branch). However, even though several teams have hired and used the facility since its handover, no bank records were produced for audit review.

1196. The incomes and expenses for the period January 2016 to October 2017(22 months) amounted to Kshs. 3,994,000 and Kshs. 3,171,664, respectively. This translates to an average collection of Kshs. 182,000 per month. Documents to account for revenue and expenditure for the period November 2017 to March 2019 were not been presented for audit review and this translates to approximately Kshs. 3,094,000 not being accounted for.

1197. The management did not also present for audit review various correspondences between the Camp Toyoyo Project Management Committee, the Makadara NG-CDF and the Ministry of Labor, Social Security and Services under which the facility is registered. Consequently, it could not be ascertained whether the facility was during the year under review being managed professionally with the aim of sustaining itself from the collections and charges.

Management Response

1198. The project, having been fully funded by the NGCFC, was completed and handed over to the Camp Toyoyo PMC in July 2016. The PMC is fully in charge of the project, including employing staff, setting charges for use of the facility, and putting the collections to good use

in line with the PMC constitution and registration certificate. The management, having completed the construction and rehabilitation, handed it over to the community-based organisation, as evidenced by a copy of the handover, with operations and management to be done by the constituted committee, and NGCDFC only remaining with a peripheral role of advisory and monitoring the sustainability of the project. Attached are the bank reconciliations up to September 2017. The average monthly collections and expenditures as at October 2017 were Kshs 181,000 and Kshs 144,000, respectively.

Committee Observation

1199. The Committee observed that the matter was adequately addressed and resolved.

3.12.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Unexplained Restatement of Prior Year Balances

1200. The statement of assets and liabilities reflects restated comparative balances of Kshs. 19,665,566 and Kshs. 3,147,813 for bank balances and fund balance brought forward respectively. However, the reason for the restatement of the balances from the prior year's audited balances of Kshs. 25,344,415 and Kshs. 2,531,036 respectively has not been provided. This is contrary to Paragraph 54 (a) and (b) of International Public Sector Accounting Standard (IPSAS) No.3 - Accounting Policies, Changes in Accounting Estimates and Errors - which requires an entity to disclose the nature of prior period errors and the amount of correction for each financial statement line item affected.

Management Response

1201. The restatement arose from adjustments made during the year to correct discrepancies noted in the opening balances, including reconciliation differences identified after preparation of the previous year's financial statements. Management noted the requirements of IPSAS 3 and will ensure that any future restatements are adequately disclosed, including the nature of the adjustments and the affected balances, to enhance transparency and compliance with applicable accounting standards.

1202. The restatement of prior years' balances arose from the change of bank balance figure in the financial statements to cashbook balance. Management wish to state that the underperformance of Kshs. 19,570,034 was occasioned by delays in release of fund from board. The funds were disbursed in the subsequent financial years and projects were implemented as per project implementation status.

1203. The project, having been fully funded by the NGCFC, was completed and handed over to the Camp Toyoyo PMC in July 2016. The PMC is fully in charge of the project, including employing staff, setting charges for use of the facility, and putting the collections to good use in line with the PMC constitution and registration certificate.

1204. After completing the construction and rehabilitation, management handed it over to the community-based organisation, as evidenced by a copy of the handover, with operations and management to be carried out by the constituted committee, and NGCDFC remaining with a peripheral role of advising and monitoring the project's sustainability. Attached are the bank reconciliations up to September 2017. Average monthly collections and expenditures as at October 2017 were Kshs 181,000 and Kshs 144,000, respectively.

Committee Observation

1205. The Committee observed that the matter was adequately addressed and resolved.

Other Matter

b) Budget Control and Performance

1206. According to the summary statement of appropriation, the National Government Constituencies Development Fund - Makadara Constituency had budgeted to receive Kshs. 155,764,601 from the National Government Constituencies Development Fund Board and spend the entire amount. However, the actual receipts and total actual expenditure amounted to Kshs. 145,922,601 and Kshs. 136,194,567, respectively. The resultant under-collection and under-expenditure of Kshs.9,842,001 and Kshs.19,570,034 respectively, is an indication that some approved projects and programmes were not fully implemented which in turn negatively impacted on efficient and effective delivery of services to the constituents

Management Response

1207. Management wish to state that the underperformance of Kshs. 19,570,034 was occasioned by delays in release of fund from board. The funds were disbursed in the subsequent financial years and projects were implemented as per project implementation status.

Committee Observation

1208. The Committee observed that the matter was adequately addressed and resolved.

c) Failure to Account for Stadium Hire Charges - Camp Toyoyo Stadium

1209. As previously reported, the Makadara National Government Constituencies Development Fund spent over Kshs. 72,246,842 to construct and rehabilitate Camp Toyoyo Stadium between financial years 2013/14 to 2017/18. The facility was handed over to the local Community-Based Management (CBM) called Camp Toyoyo Project Management Committee after its completion. This was done to enable the local people deal with the unique social, political and economic issues within the Constituency.

1210. The Camp Toyoyo Project Management Committee was to hire the facility out for practice sessions or full matches to various teams at a fee. The charges were fixed at Kshs. 10,000 per match and/ or practice sessions for division one or premier league teams and Kshs. 5,000 for other teams. All teams based in Makadara would play or practice for free.

1211. The fee was to be used for maintaining the facility to ensure that it was in a good working condition for the users. The Management opened a bank account at a local bank for the Project. However, even though several teams had hired and used the facility since its handover, no bank records were provided for audit.

1212. The income and expenses for the period January, 2016 to October, 2017 (22 months) amounted to Kshs. 3,994,000 and Kshs. 3,171,664, respectively translating to an average collection of Kshs. 182,000 per month. Documents to account for revenue and expenditure for the period November, 2017 to December, 2019 were not provided for audit leading to revenue of undetermined value not accounted for.Also, the Management did not provide various correspondences between the Camp Toyoyo Project Management Committee, the National Government Constituencies Development Fund - Makadara Constituency and the Ministry of Labor, Social Security and Services - under which the facility is registered.

1213. Consequently, it could not be ascertained whether the facility was being managed professionally with the aim of self-sustainability through the collections and charges.

Management Response

1214. The project, having been fully funded by the NGCFC, was completed and handed over to the Camp Toyoyo PMC in July 2016. The PMC is fully in charge of the project, including employing staff, setting charges for use of the facility, and putting the collections to good use, as per the PMC constitution and registration certificate.

1215. After completing the construction and rehabilitation, management handed it over to a community-based organisation, as evidenced by a copy of the handover, with operations and management to be carried out by the constituted committee; NGCDFC retained only a peripheral role of advising and monitoring the project's sustainability. Attached are the bank reconciliations up to September 2017. The average monthly collections and expenditures as at that October 2017 were Kshs 181,000 and Kshs 144,000 respectively.

Committee Observation

1216. The Committee observed that the matter was adequately addressed and resolved.

d) Unconfirmed Supply of Furniture to Schools

1217. As previously reported, information available at the Fund's Constituency Office indicated that some merchants claimed to have supplied furniture to schools within the Constituency for the period between July, 2009 and December, 2012 at a cost of Kshs. 54,067,454. However, it was not clear how the contracts were awarded and on what basis the items were supplied to the public schools in Makadara Constituency without adequate documentation and instructions.

1218. Information available indicated that the Fund Manager had sent a letter to thirty-three (33) schools on 4 January, 2016 requesting confirmation of receipt of the furniture. However, only twelve (12) schools responded. The Makadara District Education Officer through a letter Ref: MAK/EDU/5/10/11 of 28 November, 2011 provided details of the lockers and chairs supplied to the schools. However, delivery notes, inspection and acceptance committee reports, contract documents, tender documents, and Local Purchase Orders were not attached to the letter.

1219. Further information indicated that there was no budgetary allocation for the supplies in the respective financial years when the contracts were purportedly awarded. It was further noted that several law suits on the matter had since been filed against the Fund by the merchants and a Garnishee Order Nisi issued against the Fund's bank account held at a local bank. Management wish to confirm that the remaining twenty-one (21) schools did were contacted immediately after school opened and confirmed through the letter availed to the auditor alongside delivery notes, inspection and The Makadara NGCDFC has compiled a report on the above and is attached herein.

Management Response

1220. Public Procurement Regulatory Authority directed the NGCDFC to seek further advice from the Attorney General's Office. The matter is still before the Attorney General, and the NGCDFC is awaiting the Attorney General's guidance. With no delivery notes, inspection and acceptance committee reports, contract documents, tender documents, or LPOs/LSOs, the NG-CDFC could not take further action because no bidding contracts existed.

Committee Observation

1221. The Committee observed that the matter was adequately addressed and resolved.

e) Delay in Project Completion

1222. The statement of receipts and payments reflects transfers to other government units of Kshs. 88,435,069 which as disclosed at Note 6 to the financial statements, includes an amount of Kshs. 61,751,014 transferred to primary schools. Out of the amount transferred to primary schools, Kshs. 35,505,258 was paid to a construction company for the construction of thirty-two (32) classrooms at a primary school in Viwandani Ward. The total contract sum was Kshs. 108,928,060. The works started on 13 November, 2018 and were due for completion on 11 May, 2019. However, the progress of works report was not provided for audit review.

1223. Further, site audit Inspection on 18 December, 2019, revealed that the project implementation was behind schedule as only the ground floor structure without the top slab had been done. The contractor was not on site and the Project appeared to have stalled. Although Management explained that the project implementation period was three (3) years and that amendments would be made in the contract to reflect the correct project implementation period, evidence of the amendment of the contract period was not provided for audit. In the circumstances, timely completion of the Project and value for money on the Kshs.35,505,258 incurred on the Project could not be confirmed

Management Response

1224. The project is a multi-year development with a total contract sum of Kshs. 108,928,060, and the amount of Kshs. 35,505,258 transferred during the year under review represented phased payments based on work progress and available funding. Other payments were made during the subsequent years to completion.

Committee Observation

1225. The Committee observed that the matter was adequately addressed and resolved.

3.12.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Cash and Cash Equivalents

1226. The statement of assets and liabilities reflects a bank balance of Kshs. 131,792 as at 30 June, 2020. However, the bank reconciliation statement for the month of June, 2020 reflected Unpresented cheques totaling to Kshs. 335,081 for which records showing the dates that the cheques were subsequently cleared were not provided. Further, cheques amounting to Kshs. 7,070 were already stale as at 30 June, 2020 and had not been reversed in the cashbook. In the circumstances, the accuracy of the reported bank balance of Kshs. 131,792 as at 30 June, 2020 could not be confirmed.

Management Response

1227. The management noted the observation regarding the unpresented and stale cheques reflected in the bank reconciliation statement as at 30 June 2020. The unpresented cheques totaling Kshs. 335,081 related to payments issued towards the end of the financial year, and delays in clearance were mainly attributable to late presentation by the payees. The cheques were subsequently presented and cleared in the subsequent financial year period. The 31st June 2020 reconciliations included no stale cheques.

Committee Observation

1228. The Committee observed that the matter was adequately addressed and resolved.

Other Matter

b) Budgetary Control and Performance

1229. The summary statement of appropriation-recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs. 151,416,909 and Kshs. 116,049,185 respectively, resulting into an under-funding of Kshs. 35,367,724 or 23% of the budget. Similarly, the Fund expended Kshs. 115,917,393 against an approved budget of Kshs. 151,416,909 resulting into an under-expenditure of Kshs. 35,499,516 or 23% of the budget. Consequently, the under-funding and under-absorption may have impacted negatively on service delivery to the constituents of Makadara.

Management Response

1230. The funds for the financial year 2019/2020 were received as follows;

Table 22: Makadara Constituency, FY 2019/2020 – Budgetary Control and Performance

NO	AIE NO	AMOUNT RECEIVED	DATE RECEIVED
1	B047254	23/09/2019	10,000,000
2	B041250	13/11/2019	4,000,000
3	B041314	19/11/2019	18,000,000
4	B047733	12/12/2019	5,000,000
5	B049364	12/03/2020	15,000,000
6	B104388	02/04/2020	15,000,000
7	B096603	14/04/2020	11,000,000
8	B096765	08/06/2020	34,000,000
	TOTAL		112,000,000

1231. The total amount received in 2019/2020 financial year was Kshs 112,000,000 however the last disbursement of Kshs 34,000,000 was received in the last month of the financial year hence couldn't be absorbed entirely within the few remaining days to the end of the financial year. Further the NG-CDFB was yet to disburse Kshs 35,499,516 for financial year in question hindering 100% was received Due to late disbursement of funds all the projects could not be fully implemented by the end of the financial year. The funds were later received and projects were implemented in the subsequent financial year as evidenced by completion certificate and photo.

Committee Observation

1232. The Committee observed that the matter was adequately addressed and resolved.

c) Construction of Perimeter Wall at Joseph Apudo Primary School

1233. Note 6 to the financial statements reflects transfers of Kshs. 74,165,769 to other government entities of which Kshs. 63,359,793 was transferred to primary schools. An amount of Kshs. 7,838,584 was disbursed for the construction of a 450-metre perimeter wall at Joseph Apudo Primary School. The Project commenced on 4 June, 2019 and was completed on 7 December,

2019. In spite of the fact that the contractor was fully paid as at 22 April, 2020, the certificate of completion issued in accordance with Section 150(3) of the Public Procurement and Asset Disposal Act, 2015 was not provided. In the circumstances, value for money from the expenditure on the Project could not be confirmed.

Delayed Completion of Project at Star of Hope Primary School

1234. The Project for construction of thirty-two (32) classrooms at Star of Hope Primary School– Viwandani Ward at contract sum of Kshs. 108,928,060 commenced on 13 November, 2018 and was due for completion on 11 May, 2019. During the financial year 2019/2020, interim certificates Numbers 04 and 05 were issued for which payments amounting to Kshs. 24,088,992 and Kshs. 31,524,083 respectively, were paid. However, audit inspection carried out on 5 February, 2021 revealed that, although the structure and roofing were complete and forty-four (44) steel doors fitted, plastering, floor and painting were yet to be done, the contractor was not on site and the Project appeared to have stalled. It could therefore not be confirmed when and whether value for money would be obtained from the Project. In addition, delayed completion of the project may lead to loss of public funds through price variations and poor workmanship.

Management Response

1235. The management acknowledged the observation regarding the delayed completion of the classroom construction project at Star of Hope Primary School in Viwandani Ward. The project experienced implementation challenges which contributed to the slowdown in works, including funding constraints and the need to align project execution with the phased disbursement of funds. Management confirms that the payments made through Interim Certificate Numbers 04 and 05 were based on certified works completed at the time. The contractor's temporary absence from site during the audit inspection was because the project was to be financed over 3 financial years, and the amounts allocated in the first two financial years had already been exhausted. The project was subsequently completed.

Committee Observation

1236. The Committee observed that the matter was adequately addressed and resolved.

d) Failure to Account for Stadium Hire Charges - Camp Toyoyo Stadium

1237. As previously reported, the Makadara National Government Constituencies Development Fund spent over Kshs. 72,246,842 to construct and rehabilitate Camp Toyoyo Stadium between financial years 2013/14 to 2017/18. The facility was handed over to the local Community-Based Management (CBM) called Camp Toyoyo Project Management Committee after its completion. This was done to enable the local people deal with the unique social, political and economic issues within the Constituency.

Management Response

1238. The Camp Toyoyo Project Management Committee (PMC) was to hire out the facility for practice sessions or full matches to various teams for a fee. The charges were fixed at Kshs. 10,000 per match and/or practice session for Division One or Premier League teams and Kshs. 5,000 for other teams. All teams based in Makadara would play or practice for free.

1239. The fee was to be used to maintain the facility and ensure it remained in good working condition for users. The Management opened a bank account at a local bank for the Project.

However, even though several teams had hired and used the facility since its handover, no bank records were provided for audit.

Committee Observation

1240. The Committee observed that the matter was adequately addressed and resolved.

e) Unconfirmed Supply of Furniture to Schools

1241. As previously reported, information available at the Fund's Constituency Office indicated that some merchants claimed to have supplied furniture to schools within the Constituency for the period between July, 2009 and December, 2012 at a cost of Kshs. 54,067,454. However, it was not clear how the contracts were awarded and on what basis the items were supplied to the public schools in Makadara Constituency without adequate documentation and instructions.

1242. The Fund Manager had sent a letter to thirty-three (33) schools on 4 January, 2016 requesting confirmation of receipt of the furniture. However, only twelve (12) schools responded. The Makadara District Education Officer through a letter Ref: MAK/EDU/5/10/11 of 28 November, 2011 provided details of the lockers and chairs supplied to the schools. However, delivery notes, inspection and acceptance committee reports, contract documents, tender documents, and Local Purchase Orders were not attached to the letter.

1243. There was no budgetary allocation for the supplies in the respective financial years when the contracts were purportedly awarded. It was further noted that several law suits on the matter had since been filed against the Fund by the merchants and a Garnishee Order Nisi issued against the Fund's bank account held at a local bank.

1244. Management explained that the Attorney General had advised the Fund to write to all claimants requesting for more documentation which would be forwarded to the Attorney General for a final determination.

Management Response

1245. Management confirmed that the remaining twenty-one (21) schools were contacted immediately after school opened and confirmed through the letter availed to the auditor, alongside delivery notes, inspection, and the Makadara NGCDFC compiled a report on the above. The NGCDFC further sought an advisory opinion from the Public Procurement Regulatory Authority, which directed the NGCDFC to seek further advice from the Attorney General's Office. The matter is still before the Attorney General, and the NGCDFC is awaiting the Attorney General's guidance. With no delivery notes, inspection and acceptance committee reports, contract documents, tender documents, or LPOs/LSOs, the NG-CDFC could not take further action because no bidding contracts existed.

Committee Observation

1246. The Committee observed that the matter was adequately addressed and resolved.

3.12.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

Basis of Opinion

Other Matter

a) Budgetary Control and Performance

1247. The summary statement of appropriation - recurrent and development combined reflects final revenue budget and actual on comparable basis of Kshs. 172,588,394 and Kshs. 127,499,516 respectively, resulting into an under-funding of Kshs. 45,088,878 or 26% of the budget. Similarly, the Fund spent Kshs. 127,151,583 against an approved budget of Kshs. 172,588,395 resulting into an under-expenditure of Kshs. 45,436,812 or 26% of the budget.

Management Response

1248. There was an under- expenditure of Kshs 45,436,812. This resulted from funds not yet received from the NG-CDFB as at 30th June 2021. The fund was eventually received in the subsequent financial year as evidenced by copies of AIEs received. The projects were implemented successfully.

Committee Observation

1249. The Committee observed that the matter was adequately addressed and resolved.

3.12.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

Basis of Opinion

a) Unsupported Use of Goods and Services Expenditure

1250. The statement of receipts and payments reflects use of goods and services expenditure balance of Kshs. 8,209,120 as disclosed in Note 5 to the financial statements. Review of records revealed the following instances of unsupported expenditures: - Included in the use of goods and services balance of Kshs. 8,209,120 are other committee expenses and committee allowances of Kshs. 1,200,000 and Kshs. 1,248,000 respectively. However, detailed ledgers confirming the dates of payment, payee, activity descriptions and amounts paid were not provided for audit verification. Included in the balance of use of goods and services balance of Kshs. 8,209,120 are accommodation-domestic travels of Kshs. 395,048 and Kshs. 916,000 respectively. However, review of sampled payment vouchers revealed that they were not sufficiently supported with the relevant travel receipts, requisitions outlining the budget and itinerary for the safaris undertaken and back to office reports. In the circumstances, the validity, accuracy and completeness of use of goods and services expenditure of Kshs. 3,759,048 for the year ended 30 June, 2022 could not be confirmed.

Management Response

1251. Management clarified that the committee expenses, committee allowances, and domestic travel-related expenditures were incurred for legitimate activities during the year under review.

Committee Observation

1252. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Transfers to Primary Schools

1253. The statement of receipts and payments reflects transfers to other Government units' amount of Kshs. 83,986,387 which includes transfers to primary schools of Kshs. 68,431,540 as disclosed in Note 6 to the financial statements. However, review of records revealed that payments totaling to Kshs. 10,098,600 made in respect four (4) four primary schools were not included in the ledger supporting the transfers. In addition, payments totaling to Kshs. 13,799,000 in respect of supply of standard lockers and chairs were not supported with delivery notes and inspection and acceptance reports.

Management Response

1254. Further, expenditure totaling to Kshs. 27,720,317 for the construction of classrooms and levelling of the playground at Star of Hope Primary School was not supported by interim certificates or completion and acceptance certificates as proof of work done. In the circumstances, the validity, accuracy and completeness of transfers to primary expenditure of Kshs. 51,617,971 for the year ended 30 June, 2022 could not be confirmed.

Committee Observation

1255. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Construction of Perimeter Wall and Renovations at Jogoo Road Police Station

1256. Included in other grants and other transfers balance of Kshs. 58,173,195 is security projects expenditure of Kshs. 3,516,895 as disclosed in Note 7 to the financial statements. Review of records revealed that the amount was disbursed towards construction of a perimeter wall and renovations at Jogoo Road Police Station. The contract agreement for the project with a local contractor dated 14 April, 2022 indicated a contract sum Kshs. 8,473,280. However, the bill of quantities reflected a total of Kshs. 12,078,540 resulting to an unexplained variance of Kshs. 3,605,260.

1257. In addition, a cumulative amount of Kshs. 6,344,780 had been made to the contractor as at time of audit, while only Kshs. 5,727,804 was traceable to the cash book, leaving a balance of Kshs. 616,976 unaccounted for. Further, expenditures on provisional sums for the guard house, project management committee (PMC) allowances and contingency allowances of Kshs. 450,000, Kshs. 300,000 and Kshs. 200,000, respectively were not supported by appropriate and sufficient documentation. In the circumstances, the validity, accuracy and completeness of security expenditure of Kshs. 6,344,780 on the project could not be ascertained.

Management Response

1258. The contract price for the project, as indicated in the offer letters, contract, winning Bill of Quantities, and LPO, was Kshs 8,473,280, and a payment of Kshs 6,344,780 was made from this sum. However, the BOQ provided for audit was a sample that captured all the works intended for implementation, totalling approximately Kshs 12,078,540. The Kshs 616,976 amount has 3 components: retention of Kshs 317,239; Kshs 109,393 and Kshs 190,344 were 2% VAT and 3% income tax, respectively, and were posted in the cashbook. The guard house Kshs 450,000 was paid in accordance to actual measurements on the ground and the prevailing rates in the BoQ. The contractor paid the PMC allowance of Kshs 150,000, and no contingencies were paid.

Committee Observation

1259. The Committee observed that the matter was adequately addressed and resolved.

Other Matter

d) Budgetary Control and Performance

1260. The summary statement of appropriation reflects final expenditure budget of Kshs. 183,025,690 against actual expenditure of Kshs. 163,624,368, resulting in budget under-utilization of Kshs. 19,401,322 equivalents to 11% of the approved budget. In the circumstances, the under-absorption of the budget may have affected implementation of activities plan for the year, impacted negatively on service delivery to the people of Makadara Constituency.

Management Response

1261. The underperformance was occasioned by delays in the release of funds from the Board. The funds were disbursed in subsequent financial years, and projects were implemented according to project implementation status.

Committee Observation

1262. The Committee observed that the matter was adequately addressed and resolved.

Report on Lawfulness and Effectiveness in Use of Public Resources

e) Delayed Completion in Construction of NG-CDF Office

1263. The statement of receipts and payments reflects other payments totaling to Kshs. 10,000,000 which as disclosed at Note 9 to the financial statements, was in respect of NGCDF offices. Review of records revealed that the contract for construction of CDF offices commenced on 14 April, 2022 with an expected completion date of 11 October, 2022. However, field verification at the time of audit on 1 March, 2023 revealed that the project was incomplete. In addition, the contractor had only been paid a cumulative amount of Kshs. 6,110,068 while the project management committee bank account did not reflect any unspent balances. In the circumstances, it was not possible to confirm that value for money was obtained in the construction of the NG-CDF offices.

Management Response

1264. Management clarified that the project was implemented through the main account as required by the NG-CDF Act and therefore no PMC was involved. The management stated that the project is funded in phases and is ongoing

Committee Observation

1265. The Committee observed that the matter was adequately addressed and resolved.

f) Transfer to Other Government Units

1266. The statement of receipts and payments reflects transfers to other Government units' amount of Kshs. 83,986,387 which, as disclosed in Note 6 to the financial statements.

Lack of Project Management Committees for Primary School Projects

1267. Included in transfers to other Government units' amount of Kshs. 83,986,387 is transfers to primary schools of Kshs. 68,431,540, out of which payments totaling to Kshs. 26,492,445

were made directly to the contractor instead of being disbursed to project management committee bank accounts. The details of the transactions are as tabulated below;

Table 23: Makadara Constituency, FY 2021/2022 – Lack of Project Management Committees for Primary School Projects

Name of School	Name of the Contractor	Payment Details	Payment Date	Amount Kshs.
Ofafa Jericho Primary School and Baraka Primary School	Ponela (K) Limited	Supply of Standard 400 Lockers and Chairs	15 Aug 2021	2,544,000
St Johns Primary School and Harambee Primary School	Figmax Services Ltd	Supply of standard 360 lockers and chairs	05 Aug 2021	2,293,000
Bahati Primary School and Star of Hope Secondary School	Figmax Services Ltd	Supply of standard 400 lockers and chairs	05 Aug 2021	2,582,000
Star of Hope Primary School	Pridowe Enterprises	Supply of standalone 200 desks and chairs with steel frame	30 Nov 2021	3,190,000
Star of Hope Primary School	Pridowe Enterprises	Supply of standalone desks and chairs with steel frame	29 Dec 2021	3,190,000
Star of Hope Primary School	Dragomen Constructio n Company Ltd	Levelling of play ground	14 Apr 2022	3,132,000
Star of Hope Primary school	Dragomen Constructio n Company Ltd	Construction of new classrooms	18 Nov 2021	3,108,403
Star of Hope Primary school	Dragomen Constructio n Company Ltd	Construction of new classrooms	10 Aug 2021	6,438,000

Name of School	Name of the Contractor	Payment Details	Payment Date	Amount Kshs.
Star of Hope Primary school	Dragomen Constructio n Company Ltd	Construction of new classrooms	30 Dec 2021	15,041.914
Total				**26,492,445**

1268. This is contrary to the provisions of Section 36(1) of the National Government - Constituency Development Act, 2015 which states that: ''Projects under this Act shall be implemented by the project management committee appointed in accordance with the regulations made under Section 57, with the assistance of the relevant department of Government and all payments through cheques or otherwise shall be processed and effected in accordance with government regulations for the time being in force' 'In the circumstances, Management was in breach of the law.

Management Response

1269. Management clarified that the projects were implemented under time constraints and urgency to ensure timely completion for the beneficiary schools, particularly where delays in establishing PMCs and procurement processes would have adversely affected project delivery. Despite the procedural deviation, the projects were completed and delivered to the intended beneficiaries in accordance with the approved scope, and supporting documentation is available for verification.

Committee Observation

1270. The Committee observed that the matter was adequately addressed and resolved.

g) Unsatisfactory Implementation of Secondary School Projects

1271. The statement of receipts and payments reflects transfers to other Government units' amount of Kshs. 83,986,387 which includes transfers to secondary schools of Kshs. 15,544,847 as disclosed in Note 6 to the financial statements. However, review of records and field verification carried out at the time of audit in 22 March, 2023 revealed the following unsatisfactory matters; Included in the balance is disbursed Kshs. 11,735,100 towards construction of 4 classrooms at a cost of Kshs. 11,735,100 at St. Anne's Girls Secondary School. However, field verification revealed that the down pipes and rain water gutters were not installed as provided for in the bill of quantities without proper explanation. Included in the balance is an amount of Kshs. 2,700,000 disbursed towards construction of 4 classrooms and provision of 200 lockers and chairs at St. Patrick's Secondary School. However, field verification at the time of audit in March, 2023 revealed that the project had stalled, and no lockers and chairs had been delivered. In the circumstances, value for money from the expenditure totaling to Kshs. 14,435,100 on secondary schools for the year ended 30 June, 2022 could not be ascertained.

Management Response

1272. Management acknowledged the observations regarding the implementation status of secondary school projects under transfers to other Government units amounting to Kshs. 15,544,847. Management wishes to clarify as follows:

1273. St. Anne's Girls Secondary School: The omission of downpipes and rainwater gutters noted during the audit inspection was because the school requested a roof slab instead of iron sheet roofing to enable them to construct an additional class on top, which was done effectively at the same cost. Thus, rendering the downpipes and rainwater gutters obsolete

1274. St. Patrick's Secondary School: The project had experienced implementation delays at the time of audit. However, after additional funds were provided, the project was completed, including delivery of lockers and chairs, as confirmed by the completion certificate and supporting project photographs.

Committee Observation

1275. The Committee observed that the matter was adequately addressed and resolved.

h) Unapproved Project Re-allocations

1276. Review of records revealed variations in various projects costs without the Board approvals as enumerated below: -Projects for the construction of 32No. classrooms, 72No. toilets and a staffroom at Star of Hope Primary School at a cost of Kshs. 108,928,060. However, the contractor was paid a total of Kshs. 129,284,342, resulting in unapproved contract price variation of Kshs. 20,356,282. Note 7 to the financial statements reflects other grants and other transfers totaling Kshs. 58,173,195 which includes bursaries to secondary schools and tertiary institutions amounts of Kshs. 36,665,000 and Kshs. 7,984,000 respectively. However, included in bursaries to secondary schools is bursaries to 300 students in tertiary institutions without proper approval for the reallocation. Included in other grants and other transfers in Note 7 to the financial statements is expenditure totaling to Kshs. 3,516,895 incurred on security projects. Review of the project activity as per the approved project code list indicates; "construction of administration block consisting of offices for officer in charge of stations (OCS), Deputy OCS, traffic, crimes, Armory, waiting bay and 6 doors toilet". However, the project activity as per the payment voucher provided indicated "Construction of Jogoo Road Police Station perimeter wall and renovations". This is contrary to Section 6(1) of the National Government Constituency Development Fund Act, 2015 which provides that once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year with the approval of the Board. In the circumstances, Management was in breach of the law.

Management Response

1277. Management wishes to clarify as follows: Star of Hope Primary School- Actual payment to the contractor is the summation of the amount actually transferred to the contractors account plus all related taxes. The retentions were never disbursed and or paid as analyzed below;

Table 24: Makadara Constituency, FY 2021/2022 – Unapproved Project Re-allocations

Certificate No	Amount Kshs.
1	12,919,297.00
2	7,566,960.00
3	14,787,000.00
4	22,884,543.00
5	29,947,878.00

Certificate No	Amount Kshs.
6	3,465,600.00
7	5,729,191.00
8	6,116,100.00
9	3,108,403.00
10	15,041,914.00
Total	121,566,886.00

Management Response

1278. The variation of Kshs 12,638,826 was occasioned by extra steel reinforcements for the raft foundation, the floor finish (changed from tiles to terrazzo), and changes to the substructure and frame. The variation was authorized by the NG-CDFC vide minute 03/11/2021 and is within the 15% contract variation allowable margin. Bursaries Reallocation: It's true that the bursary to secondary schools included a bursary for 300 students in tertiary institutions. This was a mix-up in which the secondary school and tertiary bursary beneficiaries were not separated at the voucher-writing stage. The management committed to ensuring that the respective beneficiaries are posted to the respective beneficiaries' votes. Jogoo Road Police Station Security Project: , it included several aspects, namely the perimeter wall, landscaping, cabro works, drainage construction works, armoury, and toilet block. The main works were construction of perimeter wall /renovation/rehabilitation of Jogoo Road Police Station, which was indicated on the payment voucher

Committee Observation

1279. The Committee observed that the matter was adequately addressed and resolved.

i) Failure by Project Management Committees to Submit Returns

1280. The Makadara NG-CDF disbursed Kshs. 142,159,582 in relation to transfers to other government units and other grants and transfers, to project management committees, for use in various development activities across the Constituency. However, the following unsatisfactory matters were made during the audit; The project management committees did not maintain proper records of accounting and handing over, in relation to projects under implementation, for the purpose of accounting to the Constituency Committee for the funds received. There were no project management committees work plans approved by the Constituency Committee, indicating how the PMC intended to utilize the funds given, before they are released.

1281. The Project Management Committee did not make quarterly reports to the Constituency Committee on the status of the project management committee accounts. Projects implemented during the year were not incorporated in Annex 5 - PMC bank balances as at 30 June, 2022. This is contrary to the provisions of Regulation 15(1) of the National Government Constituency Development Regulations, 2016 which states that there shall be appointed a project management committee for each project in a Constituency which shall—(a) implement projects in consultation with the relevant departments of government; (b) maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented; (c) open and maintain an independent bank account for each project; (d) prepare returns and file them with a Constituency Committee.

Management Response

1282. Management acknowledges the observations regarding the Project Management Committees (PMCs) and the disbursed funds of Kshs. 142,159,582 under transfers to other government units and other grants.

1283. Management clarified that the challenges noted, including lack of proper records, absence of approved work plans, delayed quarterly reports, and incomplete incorporation of projects in Annex 5, were primarily due to capacity constraints among staff and committee members. Management has since undertaken continuous capacity-building initiatives to strengthen the PMCs, ensuring that members are trained on proper accounting, project documentation, reporting, and compliance with Regulation 15(1) of the National Government Constituency Development Regulations, 2016. Management o confirmed that the PMC had not prepared the cash books and bank reconciliation statements but only provided Bank account statements.

Committee Observation

1284. The Committee observed that the matter was adequately addressed and resolved.

j) Failure to Establish a Project Management Committee (PMC) for Sports Activities

1285. The statement of receipts and payments reflects other grants and other transfers of Kshs. 58,173,193 which includes sports projects expenditure of Kshs. 2,660,000 as disclosed in Note 7 to the financial statements However review of the payment records revealed that a project management committee was not established for the purpose of implementing the project, but instead the Fund Account Manager organized the events and paid for them. This is contrary to the provisions of Section 36(1) of the National Government -Constituency Development Act, 2015 which states that: ''Projects under this Act shall be implemented by the project management committee appointed in accordance with the regulations made under Section 57, with the assistance of the relevant department of Government and all payments through cheques or otherwise shall be processed and effected in accordance with government regulations for the time being in force'' In the circumstances, Management was in breach of the law.

Management Response

1286. Management o clarified that the sports activities were organized for the entire constituency and required uniformity in coordination, including distribution of sports kits and event management. To ensure smooth execution and uniformity, management, through the NGCDF Committee, directly coordinated and facilitated the events, including payments, instead of forming a separate PMC. Management recognized that while this approach ensured effective delivery of the sports activities, it did not strictly follow the provisions of Section 36(1) of the National Government Constituencies Development Act, 2015, which requires project implementation through a formally appointed PMC. Management assures that for future projects; the relevant PMCs will be established in accordance with the law to ensure full compliance while maintaining effective project delivery.

Committee Observation

1287. The Committee observed that the matter was adequately addressed and resolved.

k) Failure to Brand a Completed Security Project

1288. Included in other grants and other transfers balance of Kshs. 58,173,195 is security projects expenditure of Kshs. 3,516,895 as disclosed in Note 7 to the financial statements. Review of records revealed that the amount was disbursed towards construction of a perimeter wall and renovations at Jogoo Road Police Station. However, field verification revealed that the project was not labelled in line with the provisions of Regulation 11(1)(cc) of the National Government Constituencies Development Regulations (2016) which states that the functions of a Constituency Committee is to ensure projects are labelled in accordance with the guidelines issued by the Board. In the circumstances, Management was in breach of the law.

Management Response

1289. Management acknowledged the observation regarding the labelling of the security project funded under other grants and transfers, amounting to Kshs. 3,516,895, disbursed for the construction of a perimeter wall and renovations at Jogoo Road Police Station. Management wishes to clarify that the originally erected signpost for the project was vandalised, which affected its visibility and compliance with labelling requirements under Regulation 11(1)(cc) of the National Government Constituencies Development Regulations (2016). To ensure continued compliance and visibility, management has since resolved to write the project name directly on the wall of the structure or project, providing a permanent and clear display for public information. Management committed to ensuring that all constituency projects are properly labelled in accordance with the Board's guidelines

Committee Observation

1290. The Committee observed that the matter was adequately addressed and resolved.

3.12.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

Basis of Opinion

a) Inaccuracies in the Financial statements

1291. Review of the financial statements reflects the following inaccuracies The statement of receipts and payments as disclosed in Note 9 to the financial statements reflects acquisition of assets comparative amount of Kshs 10,000,000 while the audited financial statements for financial year ended 30 June. 2022 reflected a Nil Balance The statement of assets and liabilities reflects bank balance of Kshs 32,079,630 and Kshs 7,312,445 as at 30 June,2023 and 30 June 2022 respectively. This balance differs with Note12A to the financial statements balances of Kshs 7,312,445 and Kshs 347,933 as at 30 June,2023 and 30 June, 2022 resulting to unexplained variance of Kshs 24,767,185 and Kshs 6,964,512. Note 14A to the financial statements reflects Nil balance as outstanding retention monies yet the Fund withheld retention monies amounting to Kshs 1,428,998. The difference was not explained. In the circumstance, accuracy and completeness of the financial statements could not be confirmed.

Management Response

1292. Management noted the inaccuracies identified in the financial statements and acknowledges the Auditor's observations. The variances arose from errors in preparing and presenting the financial statements, particularly in the comparative figures and disclosures in the notes. Management stated that staff involved in preparing the financial statements have been continuously trained on financial reporting requirements. Management will enhance due

diligence, strengthen internal review mechanisms, and ensure proper reconciliation of figures before submission of the financial statements in order to minimize such errors in subsequent financial years

Committee Observation

1293. The Committee observed that the matter was adequately addressed and resolved.

b) Unaccounted for Bursary Funds

1294. The statement of receipts and payments reflects other grants and transfers amount of Kshs 23,283,196 which as disclosed in Note 8 to the financial statements includes, bursary disbursements to secondary school and tertiary amounting to Kshs 11,184,000 .However, the expenditure was not accounted for with underlying accounting records such as the specific criteria for awarding the bursary, vetting committee appointments letters, vetting Committee minutes and acknowledgement receipts from the recipient institutions. In the circumstances, the accuracy, completeness and regularity of the bursary disbursements amounting to Kshs 11,184,000 could not be confirmed.

Management Response

1295. Management stated that the Fund strictly adhered to the bursary award criteria as outlined in the Act. The documents noted by the Auditor to support the bursary disbursements and demonstrate that the beneficiaries underwent the laid-down vetting process have since been availed for audit review. These include the bursary award criteria, vetting committee appointment letters, vetting committee minutes, and acknowledgement receipts from the recipient institutions. Management committed to further ensure that all supporting documentation is properly maintained and readily available for audit verification in future.

Committee Observation

1296. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Project Management Committee Bank Balances

1297. Annex 5 to the financial statements reflects Project Management Committee (PMC) bank balance of Kshs 2,796,123. The balance represents unspent funds held at the respective PMCs' accounts which includes those of project completed in prior years and returned to the constituency bank account. However, bank reconciliation statements and cash books were not provided to support the balances. In the circumstance, the accuracy and completeness of the PMC account balance of Kshs 2,796,132 could not be confirmed.

Management Response

1298. Management stated that the supporting documents, including the bank reconciliation statements and cash books for the Project Management Committee (PMC) accounts, have since been provided to the Auditor for review and verification of the reported balances. Management committed to ensure that all relevant supporting documentation is properly maintained and readily available for audit verification in future.

Committee Observation

1299. The Committee observed that the matter was adequately addressed and resolved.

Emphasis of Matter

d) Budgetary Control and Performance

1300. The summary statement of appropriation reflects final budgeted receipts of Kshs. 157,665,756 against actual receipts of Kshs. 94,361,844 resulting in net under funding of Kshs. 63,303,912 or 40% of the budget. However, the funds spent an amount of Kshs 62,282,215 against actual receipts of Kshs 94,361,845 resulting to an under-utilization of Kshs 32,079,630 0r 34% of the actual receipts. The under-funding and under-utilization affected the planned activities and impacted negatively on service delivery to the public.

Management Response

1301. Management stated that the underfunding and under-expenditure were mainly due to delays in the Board's release of funds during the financial year under review. Consequently, some of the planned activities could not be implemented within the year. However, the funds were subsequently released in the following financial year, and the affected projects were implemented thereafter. The Committee received evidence of implementation, including copies of the Authority to Incur Expenditure (AIEs), summary schedules of projects, completion certificates, and project photographs.

Committee Observation

1302. The Committee observed that the matter was adequately addressed and resolved.

Report on Lawfulness and Effectiveness in Use of Public Resources

e) Stalled Projects

1303. Physical inspection of various projects done in the Month of March 2024 revealed that, projects with approved allocation of Kshs 33,769,741 had stalled. The projects were abandoned by the contractors at various levels of completion supposedly due to lack of funds with Kshs 12,225,165 having been disbursed for the projects as at the time of audit. This was contrary to Section 68(1) of Public Finance Management Act 2012 that requires an Accounting Officer for a National Government entity to ensure that the resources of the respective entity for which he or she is the accounting officer are used in a way that is effective. In the circumstance, value for money was not derived from the incomplete projects.

Management Response

1304. Management clarified that the projects which had stalled at the time of the audit were later completed after additional funds were made available. The delays were mainly due to inadequate funding during the initial implementation phase, which led contractors to temporarily suspend work. However, the projects were eventually implemented and completed. Evidence of completion was provided to the Auditor, including completion certificates and project photographs. Management will also ensure improved planning and timely project funding to avoid similar delays in future and to ensure value for money is achieved.

Committee Observation

1305. The Committee observed that the matter was adequately addressed and resolved.

3.13 Mathare Constituency

1306. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Mathare Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.13.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Branding of Projects

1307. Site visit and verification of projects implemented by the fund in the financial year under review revealed that the following projects had not been branded:

Table 25: Mathare Constituency, FY 2016/2017 – Branding of Projects

	Project Name	Nature of Works
1.	Ndururuno Primary School	Renovation of 3 Classrooms
2.	Ndururuno Secondary School	Construction of 4 classroom story building
3.	Kiboro Primary School	Renovation of 3 classrooms
4.	Road Connecting Kosovo and Old Mathare Primary School	Cabro road construction

1308. Failure to brand projects is contrary to Section 36(4)(a) of the Constituency Development Fund Act, 2015 which require all projects and other property funded to bear the name and number of the Constituency as delineated by the Independent Electoral and Boundaries Commission.

Management Response

1309. During the audit period, the following projects had not been branded. The projects were, however, branded, and evidence has since been availed to the auditor for review.

Committee Observation

1310. The Committee observed that the matter was adequately addressed and resolved.

b) Irregular Occupation of Offices

1311. The contract for proposed construction of NGCDF-Mathare office was awarded to Empyrean Ventures Limited at a contract sum of Kshs.22,475,900. The total payments for the works done as at 30 June 2017 stood at Kshs.20,000,000. Physical verification on 25 April 2018 revealed that the office was almost complete but was occupied by unauthorized persons from the Mathare Police Post. No reason or documentation was provided as to how the police were occupying the building without authority from the fund. Under the circumstances, it is not clear whether the constituents of Mathare obtained value for money as regards the construction of the CDF office.

Management Response

1312. Mathare NG-CDF constructed offices which after completion they were forcefully occupied by the Mathare Police Post. The Board agreed that the project be transferred to depot police station and it no longer belongs to us now as it falls under administration.

Committee Observation

1313. The Committee observed that the matter was adequately addressed and resolved.

3.13.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Cash and Cash Equivalents

1314. The statement of assets as at 30 June 2018 reflects cash and cash equivalents balance of Kshs.22,283,079. However, bank reconciliation statement as at the same date reflects unpresented cheques totalling Kshs.2,855,981, which includes stale cheques amounting to Kshs.31,500, for which no explanation was provided. The accuracy of cash and cash equivalents balance of Kshs.22,283,079 could, therefore, not be confirmed.

Management Response

1315. The unpresented cheques totalling Kshs. 2,855,981 were issued to bursary beneficiaries, and they had not been presented to the bank. The stale cheques amounting to Kshs. 31,500 were for bursary. The cheques were reversed and replaced in the subsequent financial year. Copies of the cash book extract have since been availed to the auditor for review.

Committee Observation

1316. The Committee observed that the matter was adequately addressed and resolved.

b) Erroneous Presentation of Net Financial Position

1317. The net financial position of Kshs.22,283,079 is erroneously shown as net liabilities in the statement of assets as at 30 June 2018 contrary to the presentation guidelines issued by the Public Sector Accounting Standards Board.

Management Response

1318. The error in the statement of net financial position was noted and corrected in the financial statement.

Committee Observation

1319. The Committee observed that the matter was adequately addressed and resolved.

c) Lack of a Register of Fixed Assets

1320. Although the summary of fixed assets register which is attached as Annex 4 to the financial statements reflects assets with a total historical cost of Kshs.53,592,917 as at 30 June 2018, the completeness and accuracy of the balance could not be confirmed because the management did not maintain in the year under review a register of fixed assets.

Management Response

1321. The asset register was rectified to show the correct breakdown of each item and has now been provided for all the assets; i.e., the nature, value, status and location of the assets have been disclosed, and a copy was availed to the auditor for review.

Committee Observation

1322. The Committee observed that the matter was adequately addressed and resolved.

d) Irregular Payment

1323. The statement of receipts and payments reflects an expenditure of Kshs.15,162,700 against other grants and other payments, which includes an amount of Kshs.500,000 paid to a supplier in respect of a pending bill for the financial year 2014/2015. However, the payment was not supported by any documentary evidence. Consequently, the propriety of the expenditure of Kshs.500,000 could not be ascertained.

Management Response

1324. The payment voucher with supporting documents amounting to kshs.500,000 has since been availed to the auditor for review.

Committee Observation

1325. The Committee observed that the matter was adequately addressed and resolved.

e) Budget Performance

1326. According to the summary statement of appropriation for the year ended 30 June 2018 Mathare National Government Constituencies Development Fund had budgeted to receive from National Government Constituencies Fund Board and spend Kshs.98,194,916, respectively. However, the actual receipts and total actual expenditure were Kshs.43,410,433 and Kshs.21,127,354, respectively. No satisfactory explanations were provided by the management for the resultant under-receipts of Kshs.54,784,483 or 56% and under-expenditure of Kshs.77,067,562 or 78% of the total budget.

Management Response

1327. The under-receipts of kshs.54,784,483 and under-expenditure of kshs.77,067,562 was due to late disbursement of funds by the Ex-chequer. A copy of AIE has since been availed to the auditor for review.

Committee Observation

1328. The Committee observed that the matter was adequately addressed and resolved.

f) Compensation of Employees

1329. Examination of records revealed that Mathare National Government Constituencies Development Fund advertised for five vacant positions on 22 January 2018. However, the Fund Manager did not provide records relating to shortlisting, minutes of the shortlisting and interview panels, and letters of appointment. Further, examination of the payroll revealed that the constituency had thirteen staff members as of 30 June 2018. According to the summary statement of appropriation for the year ended 30 June 2018, these employees were paid salaries totalling Kshs.2,082,429 which exceeded the budgeted amount of Kshs.1,696,384 by Kshs.386,045. No explanation or justification was provided for the excess amount paid for employee compensation.

Management Response

1330. Records relating to shortlisting, minutes of the shortlisting and interview panels, and letters of appointment have been availed to the auditor for review. In addition, the office engaged some casual labourers for 6 months renewable and the records relating to their engagement have been availed to the auditor for review.

Committee Observation

1331. The Committee observed that the matter was adequately addressed and resolved.

g) Irregular Occupation of CDF Offices

1332. Disclosed in Note 8 to the financial statements under use of goods and services is an expenditure of Kshs.1,203,000 in respect of office and general supplies and services. The expenditure includes an amount of Kshs.400,000 paid in respect of rental of office premises. However, the management did not justify payment of rent for the office premises while a new office block funded, constructed and completed by the Mathare CDF at a cost of Kshs.22,000,000 was being used by the police.

Management Response

1333. Mathare NG-CDF constructed an office block at a cost of Kshs. 22,000,000, which, after completion, was occupied by the police and converted into a police post, forcing Mathare NG-CDF to rent office premises. However, management paid only for that year while waiting to be hosted by DCC's office.

Committee Observation

1334. The Committee observed that the matter was adequately addressed and resolved.

3.13.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Unpresented Cheques

1335. The statement of financial assets as at 30 June, 2019 reflects bank balances totaling Kshs.17,535,030. However, examination of the bank reconciliation statements for June 2019 balances revealed that cheques amounting to Kshs.1,053,068 were stale, since they had not been presented for payment within six (6) months. The cheques represent payments for employees' statutory deductions and for bursaries to needy students. Failure to reverse the stale cheques in the books of accounts misrepresents the cash balance in the financial statements. No explanation was given for this anomaly.

Management Response

1336. The stale cheques were reversed and re-issued to the intended beneficiaries.

Committee Observation

1337. The Committee observed that the matter was adequately addressed and resolved.

b) Unwarranted Expenditure on Office Rent

1338. The statement of receipts and payments reflects expenditure of Kshs.12,618,329 on use of goods and services as disclosed in Note 5 to the financial statements. The expenditure includes Kshs.240,000 incurred on office rent during the year under review. However, available records indicate that the Fund had an office block constructed in the previous years at a cost of Kshs.22,475,900. Further, a total of Kshs.4,038,184 was incurred on renovations, tiling, and partitioning of the said offices during the year under review. Physical verification carried out at the offices revealed that the offices were being occupied by staff of National Police Service under unclear circumstances, as there was no correspondences to indicate how the offices were allocated to the National Police Service. In the circumstances, it was not possible to ascertain whether the rent expenditure of Kshs.240,000 was justified.

Management Response

1339. Mathare NG-CDF constructed an office block at a cost of Kshs. 22,000,000, which, after completion, was occupied by the police and converted to a police post due to insecurity. This followed public participation when insecurity became rampant; as a result, Mathare NG-CDF rented office premises. They paid rent while waiting to transfer to the DCC's office.

Committee Observation

1340. The Committee observed that the matter was adequately addressed and resolved.

c) Unconfirmed Fixed Assets

1341. Annex 4 to the financial statements reflects a fixed assets balance of Kshs.36,729,997. However, the annexure does not include a summary of fixed assets but shows a comparative extract of the financial statements for the current and previous year which does not disclose the nature, value, status and location of the assets owned by the Fund. Further, other machinery and equipment valued at Kshs.20,889,505 at the beginning of the year were not disclosed. No explanation was given for failure to include the opening balances in the assets schedule. In the circumstances, it has not been possible to confirm the existence of the assets owned Fund as at 30 June, 2019.

Management Response

1342. The errors in the summary of fixed assets were noted and regrettable. The Summary of fixed asset was rectified and availed to the auditor for review.

Committee Observation

1343. The Committee observed that the matter was adequately addressed and resolved.

d) Net Financial Position

1344. The statement of assets and liabilities as at 30 June, 2019 reflects total financial assets of Kshs.17,535,030 and nil total financial liabilities. However, the statement incorrectly reflects a net liabilities position of Kshs.17,535,030 instead of a net financial position as per the guidelines issued by the Public Sector Accounting Standards Board.

Management Response

1345. The error was noted in the statement of assets and liabilities and has since been rectified and availed to the auditor for review.

Committee Observation

1346. The Committee observed that the matter was adequately addressed and resolved.

e) Budget Control and Performance

1347. The summary statement of appropriation: recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.186,488,438 and Kshs.126,913,855 respectively resulting to an under-funding of Kshs.59,574,583 or 32% of the budget. Similarly, the Fund expended Kshs.109,378,826 against an approved budget of Kshs.186,488,439 resulting to an under-expenditure of Kshs.77,109,613 or 42% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the constituents.

Management Response

1348. The underfunding of kshs.59,574,583 and underperformance of kshs.77,109,613 was because of late disbursement of funds from Treasury. Funds were received and projects implemented to completion.

Committee Observation

1349. The Committee observed that the matter was adequately addressed and resolved.

f) Stalled Project at Huruma Secondary School

1350. Examination of records at the Fund indicate that a tender for construction of classrooms and administration block at Huruma Secondary School was awarded to a local contractor at a sum of Kshs.38,660,400. A copy of the letter of notification dated 17 August, 2018 indicates that the contract duration was forty-two (42) weeks after the date of possession. As at the time of the audit, expenditure amounting to Kshs.18,317,287 had been paid for executed works. However, a physical verification carried on 21 January, 2020 revealed that the project had stalled at the ground floor substructure level.

Management Response

1351. The project had stalled due to delay of funds. The funds were later received and project implemented to completion.

Committee Observation

1352. The Committee observed that the matter was adequately addressed and resolved.

g) Irregular Recruitment of Staff

1353. During the year under review, National Government Constituencies Development Fund - Mathare Constituency recruited twenty-seven (27) additional officers and incurred an expenditure of Kshs.2,381,895 in remuneration to these new staff. However, no advertisement was made for the new positions and there was no evidence of interviews conducted. Further, the necessary academic certificates for the recruited staff were not availed for audit verification.

Management Response

1354. The 27 employees were engaged casually to evacuate trenches to some school's due to storm water that affected. The Kshs.2,381,895.00 was inclusive of 7 permanent staff who drew Kshs.2,131,895.00. The advert requesting for casual employees was placed on the notice.

Committee Observation

1355. The Committee observed that the matter was adequately addressed and resolved.

3.13.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Fund Balance Brought Forward

1356. Statement of assets and liabilities reflects a fund balance brought forward of Kshs.22,663,079 for the financial year 2018/2019. However, the corresponding Note 13 to the financial statements shows a fund balance brought forward of Kshs.5,434,369 for the same year thereby resulting to an unexplained difference of Kshs.17,228,710.

Management Response

1357. There was an error to Note 13 to the financial statement of balance brought forward of kshs.5,434,369 which was supposed to correspond to statements of assets and liabilities balance brought forward of kshs.22,663,079. The error was rectified in the notes 13 in FY 2019/2020.

Committee Observation

1358. The Committee observed that the matter was adequately addressed and resolved.

b) Prior Year Adjustments

1359. The statement of assets and liabilities shows a prior year adjustments opening balances of nil while the corresponding Note 14 to the financial statements reflects Kshs.17,535,030 as the opening balance thus resulting to an unexplained difference of Kshs.17,535,030.

Management Response

1360. The error was rectified in the notes 14 in FY 2019/2020.

Committee Observation

1361. The Committee observed that the matter was adequately addressed and resolved.

c) Project Management Committee (PMC) Account Balances

1362. Note 17.4 to the financial statements reflects a PMC Account opening balance of Kshs.531,857 while Annex 5 to the financial statements on PMC bank balances shows the financial year 2018/2019 closing balance of Kshs.5,318,576 resulting to an unexplained difference of Kshs.4,786,719.

Management Response

1363. There was an error in Note 17.4 to the financial statements which reflects a PMC account opening balance of kshs.531,857 which was supposed to be kshs.5,318,576. The financial statements has been rectified on Note 17.4 PMC opening account balance of kshs.5,318,576.

Committee Observation

1364. The Committee observed that the matter was adequately addressed and resolved.

d) Unutilized Fund

1365. Note 17.3 to the financial statements reflects closing balance on unutilized fund of Kshs.77,767,569 for the financial year 2018/2019. However, Annex 3 to the financial statements shows of Kshs.77,787,707 as the outstanding balance as at 30 June 2019 resulting to an unexplained difference of Kshs.20,138.

Management Response

1366. There was an error in the financial statements in FY 2018/2019 which was recorded as kshs.77,767,569 instead of KShs. 77,787,707, which was rectified in the financial statements for the Financial Year 2019/2020.

Committee Observation

1367. The Committee observed that the matter was adequately addressed and resolved.

e) Variance between the Financial Statements and Ledger Amounts

1368. As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects a compensation of employee's amount of Kshs.3,877,526 which includes basic wages of temporary employees' amount of Kshs.2,351,988. However, the ledger provided in support of this amount shows an amount of Kshs.2,163,990 thus resulting in an unexplained variance of Kshs.187,998. Further, as disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects a use of goods and services amount of Kshs.8,618,241 which includes an amount of Kshs.1,666,000 being other committee expenses. However, the ledger provided in support of this amount shows an amount of Kshs.1,511,000 thereby resulting in an unexplained variance of Kshs.155,000.

Management Response

1369. The ledger provided contained an error; it should have been Kshs.2,351,988 instead of Kshs. 2,163,990, and the ledger has been updated with the correct amount. The ledger provided had an error in the committee expenses, which should have been KShs1,666,000 instead of KShs 1,511,000, and the ledgers have been updated with the correct amount.

Committee Observation

1370. The Committee observed that the matter was adequately addressed and resolved.

f) Statement of Cashflows

1371. The statement of cashflow shows a cash and cash equivalents balance at the beginning of the year of Kshs.17,535,030 which differs with the cash and cash equivalents balance as at 30 June 2019 of Kshs.17,837,886 as shown in the statement of assets and liabilities. The resultant difference of Kshs.302,856 has not been explained.

Management Response

1372. There was a typo in cash and cash equivalents, which was recorded as Kshs.17,837,886 instead of Kshs. 17,535,030, which has been rectified in the financial statements. This has been rectified in the financial statements.

Committee Observation

1373. The Committee observed that the matter was adequately addressed and resolved.

g) Summary Statement of Appropriation: Recurrent and Development combined

1374. The summary statement of appropriation: recurrent and development combined shows a total budget utilization difference of Kshs.108,195,082 on the payments side. However, the recomputed amount is Kshs.104,317,556 thus resulting in an unexplained difference of Kshs.3,877,527.

Management Response

1375. There was an error in the budget utilisation difference of Kshs.108,195,082 instead of Kshs. 104,317,556, which has since been rectified in the financial statements.

Committee Observation

1376. The Committee observed that the matter was adequately addressed and resolved.

h) Unconfirmed Fixed Assets

1377. As reported previously, Annex 4 to the financial statements reflects a total fixed assets balance of Kshs.53,635,262. However, the annex does not include a summary of fixed assets and comparative information for the previous financial year but instead shows an extract of the fixed assets for the current year which does not disclose the nature, value, status and location of the assets owned by the Fund as at 30 June 2020.

Management Response

1378. The summary of fixed assets and comparative information for FY 2018/2019 was omitted, which has been rectified in the financial statements. The comparative information has since been updated in FY 2020/2021 and in the updated assets register.

Committee Observation

1379. The Committee observed that the matter was adequately addressed and resolved.

i) Unsupported payment of allowances for monitoring and evaluation

1380. The statement of receipts and payments reflects payments of use of goods and services totaling Kshs.8,618,242 for the year ended 30 June 2020 which includes an amount of Kshs.2,085,000 incurred under committee allowances. During the year under review, the Fund spent amount of Kshs.1,778,002 under other committee expenses for monitoring and evaluation exercise. However, the invitation letters, agenda, schedule of projects visited, reports, minutes of meetings, photos of the project progress and the committee's recommendations were not provided.

Management Response

1381. The sampled invitation letters, agenda, minutes of the meeting, M&E report capturing the schedule of projects visited, implementation status, photos of project progress, and the committee's recommendations were availed to the auditor for review.

Committee Observation

1382. The Committee observed that the matter was adequately addressed and resolved.

j) Budgetary Control and Performance

1383. The summary statement of appropriation: recurrent and development reflects final receipts and actual on comparable basis of Kshs.214,505,337 and Kshs.135,498,218 respectively resulting to an under-funding of Kshs.79,007,119 or 37% of the budget. Similarly, the Fund expended Kshs.110,187,781 against an approved budget of Kshs.214,505,337 resulting to an under-expenditure of Kshs.104,317,556 or 49% of the budget.

Management Response

1384. The under-funding and under-expenditure were due to delayed disbursement of funds from the Treasury, but the funds were released in the subsequent FY 2020/2021 and projects were completed.

Committee Observation

1385. The Committee observed that the matter was adequately addressed and resolved.

3.13.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Cash and Cash Equivalents

1386. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.48,490,617. The bank reconciliation statement provided reflected payments in cash book not recorded in bank statement totaling Kshs.5,400,393 which included an amount of Kshs.222,037 in respect of a stale cheque. The bank reconciliation also reflected payments in bank statement not yet recorded in cash book totaling to Kshs.30,780 whose schedule was not provided for audit verification.

Management Response

1387. The Bank charges of Kshs. 30,780 and stale cheques of Kshs. 222,037 were reversed and replaced in the subsequent financial year. The Committee availed cash book extracts to the auditor for review.

Committee Observation

1388. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Bursary Disbursements

1389. The statement of receipts and payments reflects other grants and transfers balance of Kshs.63,174,477, which include Kshs.55,512,900 in respect of bursaries issued to students in secondary schools and tertiary institutions. Records provided for audit review however reflected an amount of Kshs.54,080,400 for bursary issued, resulting to an unreconciled variance of Kshs.1,432,500. Further, the analysis provided did not separate the bursaries issued to secondary schools from those issued to tertiary institutions. In addition, bursaries issued to secondary schools and tertiary institutions amounting to Kshs.31,378,000 lacked such details as the payees, dates of payment, cheque numbers and payment voucher numbers. Similarly, bursary acknowledgements from two institutions were not provided for audit verification. In addition, bursary policy guidelines were not provided for audit verification.

Management Response

1390. The bursary schedule of beneficiaries, with their details, has been availed to the auditor for review.

Committee Observation

1391. The Committee observed that the matter was adequately addressed and resolved.

c) Emergency Project Payments

1392. The balance of Kshs.63,174,477 on other grants and other payments includes expenditure on emergency projects amounting to Kshs.1,695,286. The expenditure was in respect of emergency supplies for Covid-19 mitigating measures. However, the payment was not supported by distribution schedules and acknowledgments of receipts of the items issued to identify the intended beneficiaries.

Management Response

1393. The FY 2020/2021 committee requested reallocation of the entire amount, and it was reallocated to the projects as attached. There was no such payment, as it was for a bursary. In

that FY, all the emergency funds were reallocated. The KShs 1,695,286 was not spent because no emergency project was undertaken that year; it was captured in error.

Committee Observation

1394. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Fixed Assets Balance

1395. The financial statements, as detailed at Annex 4 reflects fixed assets with a total historical value of Kshs.53,635,262. However, the assets register reflected fixed assets balance of Kshs.6,970,545 resulting in an unreconciled variance of Kshs.46,664,717. Further, there was no evidence that the equipment and machinery reflected in the financial statements physically existed. In addition, title deeds for the land and logbooks for motor vehicles were not provided for audit verification while a building constructed by the Fund for use as the Funds office in the year 2018, was forcefully occupied by Mathare Depot Police Station staff.

Management Response

1396. By the time of the audit, the asset register had not been updated, but this was done later. The CDFC motor vehicle logbook was with the Board, the custodians. An updated Asset register and logbook have been since availed to the auditor for review.

Committee Observation

1397. The Committee observed that the matter was adequately addressed and resolved.

e) Budgetary Control and Performance

1398. The summary statement of appropriation reflects a final expenditure budget of Kshs.243,435,740 against actual expenditure of Kshs.147,115,243 resulting in budget under-utilization of Kshs.96,320,497 or 40% of the approved budget. In addition, the Fund had an approved receipts budget of Kshs.243,411,740 but received an amount of Kshs.195,581,860 resulting in a underfunding of Kshs.47,829,880 of 20% of the budget.

Management Response

1399. Budget under-utilization of kshs.96,320,497 was due to late disbursement of funds from the National Treasury. The under-funding of kshs.47,829,880 was also due to late disbursement of funds from the Treasury, but this was done later, and all projects were implemented.

Committee Observation

1400. The Committee observed that the matter was adequately addressed and resolved.

f) Irregularities in Compensation of Employees

1401. The statement of receipts and payments reflects compensation of employee's amount of Kshs.3,593,490. Examination of records provided revealed that the Fund engaged thirteen (13) temporary employees during the year under review. However, the recruitment records for twelve (12) employees were not provided for audit review and it was established that duties of the clerical officer and the administrative clerk were overlapping.

Management Response

1402. The auditor was provided with recruitment records of the 12 employees for review.

Committee Observation

1403. The Committee observed that the matter was adequately addressed and resolved.

g) Transfer to Other Government Units

1404. The statement of receipts and payments reflects transfers to other government units amounts of Kshs.63,880,177. However, physical verifications carried out on 21 April, 2022 revealed that although full payments were made in respect projects, works were not completed as detailed below:

1405. St Theresa Primary School - A contractor was paid the full contract sum of Kshs.2,000,000 for renovation of seven (7) classrooms in the school. However, physical verification of the classrooms revealed that one classroom was not yet renovated. No explanation was provided for the failure to complete the works more than one year since the payment was made.

1406. Salama Primary School - A contractor was awarded a contract for the completion of a perimeter wall in the school. Examination of records revealed that although an amount of Kshs.2,105,686 was paid to the contractor on 3 March 2021, some anomalies were noted. The bills of quantities summary indicated that the scope of works included Huruma Primary School Kshs.2,067,905, Salama Primary School Kshs.3,912,400 and Salama Annex Kshs.2,187,960. It was not clear why the scope covered projects in three different localities yet the entire amount was paid to the same contractor.

1407. Huruma Secondary School - A contractor was awarded a contract for the construction of phase 2, and phase 3 of a two (2) storey building comprising of twenty-four (24) classrooms, two (2) laboratories, five (5) door ablution block and a urinal at a contract sum of Kshs.45,781,488. Examination of records provided revealed that payment was made on 24 March 2021. Retention money amounting to Kshs.6,000,000 was however not withheld. It was further noted that four (4) classrooms, two (2) laboratories and an ablution block had not been constructed. In addition, the project managers office was not in existence yet a payment of Kshs.250,000 had not been made for the same.

1408. St Theresa Secondary School - Examination of records provided revealed that a contractor was awarded a contract for the construction of two (2) classrooms and relocation of sewer line at a contract sum of Kshs.8,456,580. Although the final payment for the contract was made on 10 July 2020, one classroom had not been constructed two (2) years after payment was made.

Management Response

1409. At the time of the audit, the classroom renovations at St. Teresa's Primary School were not yet complete, but they were completed and the classrooms were handed over to the school. The wall borders Salama Primary and Huruma Primary Schools, and it was done as one project. The project was constructed in two phases and awarded to the same contractor, and the whole amount was paid without retention being withheld. It was an underpayment because the contractor did more work than the scope of work, and because there was an engineer's variation, the contractor was paid the full amount. The Kshs.250,000 paid went to PMC allowances, which were drawn from the Board of Management of the school. The project had several activities that were completed in the subsequent financial year 2021/2022 as the PMC was allocated more funds.

1410. The classroom was not constructed because additional works arose during construction, and the activity required more allocation, which was done in the subsequent FY 2021/2022. A code list for additional funding, completion certificate and colour photo, advisory from Project Management Officer for additional funding, NG-CDFC minutes resolution for more funding. The NG-CDFC minutes, Completion certificate, and photos were provided to the auditor for review.

Committee Observation

1411. The Committee observed that the matter was adequately addressed and resolved.

h) Failure to Transfer Funds to Projects Management Committee

1412. Review of documents provided revealed that payments for projects worth Kshs.21,695,246 were made directly to the contractors from the Fund main bank account. Although Projects Management Committees (PMCs) for the projects were formed funds were not transferred to the PMC accounts to facilitate implementation of the projects by PMCs. Further, it was also established that the projects were not disclosed in the Project Implementation Status Report.

Management Response

1413. The projects were carried out during COVID-19, and NG-CDFC, in its wisdom, engaged contractors who sought authority to move around as part of offering essential services. To avoid unnecessary inconvenience to the contractors, NG-CDFC, through an online meeting, resolved to pay the contractors from the main account, as this will involve only the District Account Accountant, Fund Accounts Manager, NG-CDFC signatory to the main account and a Zoom meeting whenever payment is made. This will reduce movement by PMCs, which was prohibited. Attach minutes resolution, letters to NG-CDFC Chair, Fund Accounts Manager and Sub-Accountant authorized to move from one point to another.

Committee Observation

1414. The Committee observed that the matter was adequately addressed and resolved.

i) Unutilized Projects Management Committee Bank Account Balances

1415. The financial statements at Annex 5 reflects Project Management Committee (PMC) accounts balances as at 30 June 2021 totaling to Kshs.41,899,335 which includes balances brought forward from the prior year amounting to Kshs.26,066 in respect to Old Mathare Secondary PMC and Salama Primary PMC of Kshs.666 and Kshs.25,400 respectively. No explanation was provided for the failure to return the PMC account balances to the constituency account as the respective projects had been completed.

Management Response

1416. The Fund Accounts Manager waited for the retention period to be over before recalling the money, which was done, and the account was closed. The Fund Accounts Manager provided a copy of the bank certificate of the PMC showing that the accounts were closed and funds returned.

Committee Observation

1417. The Committee observed that the matter was adequately addressed and resolved.

j) Un-authorized Over Expenditure

1418. The summary statement of appropriation reflects expenditure on use of goods and services of Kshs.15,343,402 against an approved budget of Kshs.7,817,166. Management did not provide approval for the resultant expenditure of Kshs.7,526,696. This was in violation of Regulation 5(1) of the Public Finance Management (National Government) Regulations, 2015 which provides that except as provided for the Act and these Regulations, an Accounting Officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities.

Management Response

1419. The KShs 7,817,166 was the previous year's outstanding balance for FY 2019/2020 because it was not utilized due to COVID-19, and it was utilized in FY 2020/2021.

Committee Observation

1420. The Committee observed that the matter was adequately addressed and resolved.

3.13.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Unsupported Bursaries

1421. The statement of receipts and payments and Note 7 of the financial statements reflects other grants and other transfers totaling to Kshs.75,793,310 which includes bursaries disbursed to secondary schools and tertiary institutions amounting to Kshs.40,049,280. However, the bursary schedules provided for audit totaling to Kshs.36,707,000 resulting to an unsupported variance amount of Kshs.3,342,280.

Management Response

1422. The schedule for Kshs.3,342,280.00 has been availed to the auditor for review.

Committee Observation

1423. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance

1424. The summary statement of appropriation reflects a final expenditure budget of Kshs.253,073,438 against actual expenditure of Kshs.195,808,695 resulting in budget under-utilization of Kshs.57,264,743 or 23% of the approved budget. In addition, the Fund had an approved receipts budget of Kshs.233,409,375 but received an amount of Kshs.199,166,597 resulting in an underfunding of Kshs.34,292,778 of 15% of the budget. Further, it was observed that the Fund had an expenditure budget of Kshs.253,073,438 against a revenue budget of Kshs.233,409,375. The reason for budgeting to spend more than was to be received was not provided.

Management Response

1425. The under-utilization and under-funding were occasioned by late disbursement of funds by the Ex-chequer. The funds were later received and projects implemented to completion. The summary statement of appropriation reflected a final expenditure of Kshs. 253,073,438, which was erroneously captured. The correct final expenditure budget was rectified in the financial statement to the rightful amount, which was kshs.233,409,375.

Committee Observation

1426. The Committee observed that the matter was adequately addressed and resolved.

c) Unresolved Prior Year Matters

1427. In the audit report of the previous year, several issues were raised under the report on Financial Statements, Lawfulness and Effectiveness in use of public resources, and report on effectiveness of internal controls, risk management and Governance. However, management had not resolved the issues or explained failure to implement the recommendations.

Management Response

1428. Management resolved the issues through a presentation to the relevant Parliamentary Committee.

Committee Observation

1429. The Committee observed that the matter was adequately addressed and resolved.

d) Lack of Ownership Documents

1430. Annex 4 to the financial statements reflects the summary of fixed asset register. However, excluded from the asset register are buildings and structures valued at Kshs.27,550,000 constructed by the Fund Management. Further, the ownership documents for the land where the buildings are constructed were not been provided for audit.

Management Response

1431. After completion of the project, depot police station officers occupied it forcefully, as it belonged to their land. After some attempted interventions from the administration and the NG-CDF Board, the Board recommended that the building be handed over to the Depot Police Station. It is currently not in our Asset Register.

Committee Observation

1432. The Committee observed that the matter was adequately addressed and resolved.

e) Failure to Implement Environment and Security Projects

1433. In the year under review, Mathare NGCDF did not implement the environment project with a budget of Kshs.2,665,000 and a security project under Deputy County Commander Office Mabatini Ward with a budget of Kshs.4,000,000. The two projects referred to above formed part of the approved projects code list.

Management Response

1434. At the time of audit, the environment projects and the DCC's office had not been implemented due to delays in funds. The funds were received, and the projects were completed.

Committee Observation

1435. The Committee observed that the matter was adequately addressed and resolved.

f) Unutilized Funds

1436. Annex 3 to the financial statements reflects unutilized funds amount of Kshs.37,600,680.6. Management did not provide the measures put in place to address the issues of unutilized

funds which is a recurring issue over the years. Failure to implement projects may lead to backlog and over rolling of projects over the years.

Management Response

1437. The under-absorption was due to delays in the National Treasury's release of funds.

Committee Observation

1438. The Committee observed that the matter was adequately addressed and resolved.

3.13.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Variance in Use of Goods and Services

1439. The statement of receipts and payments reflects use of goods and services amount of Kshs.6,932,614 which differs with Note 6 to the financial statements and the trial balance amount of Kshs.6,652,584 resulting to an unexplained or reconciled variance of Kshs.280,030.

Management Response

1440. Under Note 6, the use of goods and services had an error. The variance was due to bank charges, which were recorded twice, amounting to Kshs. 280,030. Note 6 has been amended and availed to the auditor for review.

Committee Observation

1441. The Committee observed that the matter was adequately addressed and resolved.

b) Variance between Summary of Fixed Asset and the Asset Register

1442. Annex 4 to the financial statements reflects summary of fixed assets historical cost balance of Kshs.53,635,262 which differs with the assets at cost totalling Kshs.53,616,262 indicated in the assets register resulting to an unexplained or reconciled variance of Kshs.4,650,495 against the assets register amount of Kshs.5,650,495 resulting to an unexplained or unreconciled variance of Kshs.1,000,000.

Management Response

1443. The errors in the summary of fixed asset and Asset register were noted and rectified. A copy of the asset register has since been provided to the auditor for review.

Committee Observation

1444. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance (Emphasis of Matter)

1445. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.189,560,855 and Kshs.90,307,902 respectively resulting to an under-funding of Kshs.99,252,953 or 52% of the budget. Similarly, the Fund spent a balance of Kshs.73,216,254 against actual receipts of Kshs.90,307,902 resulting to an under-utilization of Kshs.17,091,648 of 19% of the actual receipts.

Management Response

1446. The under-funding and under-utilization was occasioned by late disbursement of funds, The funds were later received and projects implemented to completion.

Committee Observation

1447. The Committee observed that the matter was adequately addressed and resolved.

3.14 Roysambu Constituency

1448. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Roysambu Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.14.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Inaccurate Comparative Figures

1449. The statement of receipts and payments reflects comparative other receipts of Kshs.20,000, other grants and transfers of Kshs.54,634,961 and acquisition of assets of Kshs.500,000. However, the respective notes reflect nil comparative other receipts, other grants comparative of Kshs.54,574,960 and nil comparative for acquisition of assets resulting in unexplained differences of Kshs.20,000, Kshs.60,001 and Kshs.500,000 for other receipts, other grants and acquisition of assets, respectively.

Management Response

1450. Management acknowledged the audit observations regarding inaccuracies and inconsistencies in the financial statements for the year ended 30 June 2017. These included incorrect disclosure of comparative figures in the statement of receipts and payments. These anomalies arose from weaknesses in financial statement compilation. Management recognized that such errors affect the accuracy, completeness, presentation, and compliance of the financial statements with the format prescribed by the Public Sector Accounting Standards Board (PSASB). Management also confirmed that the comparative amounts are as per the audited financial statements. However, a typing error occurred, and management committed to ensuring it does not recur through continuous staff training. The management committed to strengthening the financial reporting process to ensure that future financial statements are complete, accurate, and fully compliant with applicable reporting standards

Committee Observation

1451. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalents

1452. The statement of assets as reflects cash and cash equivalent balance of Kshs.7,018 as at 30 June 2017. However, the June 2017 bank reconciliation statement reflects unpresented cheques amounting to Kshs.3,959,418.15 which includes stale cheques of Kshs.29,418. The stale cheques had not been reversed in the cash book as at 30 June 2017 as detailed below:

Table 26: Roysambu Constituency, FY 2016/2017 – Cash and Cash Equivalents

Date	Payee	Cheque No.	Amount (Kshs.)
13/09/2016	Commissioner of Domestic Tax	3861	7,855

Date	Payee	Cheque No.	Amount (Kshs.)
13/09/2016	Commissioner of Domestic Tax	8292	3,703
13/09/2016	Commissioner of Domestic Tax	8260	7,075
13/09/2016	Commissioner of Domestic Tax	8362	1,473
13/09/2016	Commissioner of Domestic Tax	8363	1,152
13/09/2016	Commissioner of Domestic Tax	8371	8,160
	TOTAL		29,418

1453. In addition, the clearance status of unpresented cheques totaling Kshs.3,929,999 as at the time of the audit has not been explained satisfactorily. In the circumstances, the accuracy of bank balance of Kshs.7,018 as at 30 June 2017 cannot be confirmed.

Management Response

1454. The unpresented cheques of Kshs.3,929,999 were, however, presented within the stipulated six months. The others (Kshs.29,418), comprising withholding VAT, were reversed and paid in a lump sum to KRA.

Committee Observation

1455. The Committee observed that the matter was adequately addressed and resolved.

c) Net Financial Position

1456. The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.7,018, being the difference between the brought forward fund balance of Kshs.33,965,490 and the deficit for the year of Kshs.33,958,472. No explanation has been provided for this anomaly.

Management Response

1457. This was an error in the financial statement reporting which was later amended in the following financial year to reflect the correct financial position. The reporting template provided during the year reflected net liabilities instead of net financial position. The template has since been amended to reflect the actual net financial position

Committee Observation

1458. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary and Budgetary Controls

1459. The summary statement of appropriation reflects actual expenditure of Kshs.123,997,309 against budgeted expenditure of Kshs.125,062,042 resulting in an under expenditure of Kshs.1,064,733 as detailed below:

Table 27: Roysambu Constituency, FY 2016/2017 – Budgetary and Budgetary Controls

Components	Final Budget Figures (Kshs.)	Actual expenditure figures (Kshs.)	Under Expenditure (Kshs.)
Compensation of employees	2,191,200	1,131,696	1,059,504
Use of Goods and Services	7,280,490	7,225,925	54,564
Transfer to Other Govt. Entities	56,590,352	56,682,759	92,407
Other Grants and Transfers	59,000,000	58,956,928	43,071
Total	**125,062,042**	**123,997,309**	**1,064,733**

Management Response

1460. The under expenditure was mainly as a result of non-implementation of some of the projects due to late exchequer releases from the NG-CDF Board. The projects were later implemented after funds were received. Certificates of completion and projects photos submitted.

Committee Observation

1461. The Committee observed that the matter was adequately addressed and resolved.

e) Project Status

1462. During the year under review, the fund had several projects with a combined budget of Kshs.101,752,042 whose status as at the close of the year was as detailed below:

Table 28: Roysambu Constituency, FY 2016/2017 – Project Status

Project Location	Project Description	Commencement Date	Expected Completion date	Budgeted amount	Actual Amount (Kshs.)	% Completion
Githurai	Construction of A.P. Lines and Chief's office	29/05/16	29/11/16	10,298,172	9,564,112	85%
Githurai	Renovation works (11 classrooms)at Githurai primary School	Nov-16	Dec-16	3,000,000	2,800,000	100%

Project Location	Project Description	Commencement Date	Expected Completion date	Budgeted amount	Actual Amount (Kshs.)	% Completion
Kahawa West	Construction of 2No. Classrooms at Kamiti Secondary School	12/01/16	14/05/17	7,000,000	6,793,969	100%
Kahawa West	Construction of 2No.classrooms at Mahiga Primary School	12/01/16	14/05/17	7,200,000	6,882,015	100%
Njathaini	Construction of 2 No. classrooms at Njathaini Primary School	03/11/16	09/11/16	5,862,346	5,655,562	100%
Githurai Kamuthi	Construction of Githurai Kamuthi bridge	11/04/15	05/06/16	25,00,000	25,500,000	98%
Kiwanja	Construction of 4no. Classrooms block	23/10/15	30/04/16	8,500,000	8,494,993	100%
Muthaiga	Renovation of 6No. Classrooms at Muthaiga Primary school	Nov-16	Dec-16	3,000,000	3,563,292	100%
Garden estate	Construction of 4No. Classrooms block in Garden Estate Secondary School	19/06/16	19/11/16	8,500,000	7,968,785	100%

Project Location	Project Description	Commencement Date	Expected Completion date	Budgeted amount	Actual Amount (Kshs.)	% Completion
Maurui	Construction of staff houses at Marururi Health Centr	18/01/17	14/04/18	4,482,759	4,711,347	90%
Roysambu Sec Sch.	Construction of classrooms	23/03/16	-	10,408,765	-	100%
Garden Estate	Construction of 4no. Classrooms block at Garden Estate Secondary School (Phase III)	09/08/17	14/04/18	8,500,000	8,592,433	95%
				101,752,042	90,526,509	

1463. The Fund management transferred to Roysambu Secondary PMC a total of Kshs. 10,408,764.90 on 23 March 2016. The funds remained unutilized as at 30 June 2017. No reason has been provided for non-implementation of the project. In addition, bank certificates for Njathaini Primary School and Roysambu Secondary School PMC have not been provided for audit verification.

Management Response

1464. Roysambu Secondary was proposed and approved in the FY 2014-2015. At the time of implementation, a land dispute ensued between two groups, halting implementation. On following up on the matter, the NGCDFC was unsuccessful, and this fund was reallocated to Githurai Secondary School. Githurai Secondary School is currently operational as one of the fully funded secondary schools in Roysambu Constituency.

Committee Observation

1465. The Committee observed that the matter was adequately addressed and resolved.

3.14.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Cash and Cash Equivalents

1466. The statement of assets and liabilities as at 30 June 2018 reflects cash and cash equivalents balance of Kshs.1,253,084. However, bank reconciliation statement as at the same date reflects unpresented cheques totaling Kshs.8,858,381, which includes stale cheques of Kshs.1,686,846. However, no explanation was given for failure to reverse stale cheques in the

cash book. The accuracy of cash and cash equivalents balance of Kshs.1, 253,084 could, therefore, not be confirmed.

Management Response

1467. The unpresented cheques of Kshs.7,171,535 comprised bursaries issued to constituents and had not yet been presented to the respective banks. The Kshs.1,686,846 that were stale were reversed and replaced in the subsequent FY (2018-2019).

Committee Observation

1468. The Committee observed that the matter was adequately addressed and resolved.

b) Budget Performance

1469. During the year under review, Roysambu National Government Constituencies Development Fund had a budget of Kshs.128,765,638 against actual expenditure of Kshs.75,507,381 or 59% of the total budget resulting in under expenditure of Kshs.53,258,257 or 41% of the budget which has not been explained.

Management Response

1470. The NG-CDFC received the actual monies in the following FY. The delay was occasioned by the fact that it was an election year and a repeat of the Presidential election. Normal operations resumed in January 2018, 6 months later. The formalization of NG-CDFCs and later submission of project proposals. The office had four months to perform tasks expected to take twelve months.

Table 29: Roysambu Constituency, FY 2017/2018 – Budget Performance

Amount	FY Allocation	Remarks: Certificates and photos
43,405,172	2017/2018	Disbursed on 08.08.2018. The projects include: Garden Estate Sec Sch- AB 2M Kiwanja Sec Sch- C 12.5M Kamiti Sec Sch- AB 5,329,000 Kiwanja Sec Sch- AB 2M Kiwanja Sec Sch- TL 7M Githurai Chiefs AP off. 4M Githurai Sec Sch- AB 4,677,067 Strategic Plan- 3,500,000
8,100,000	2016/2017	Githurai Chiefs Off. -3,736,592 NGCDF Office- -3,863,408 GSU Pry Sch.- Desks - 500,000
500,000	2015/2016	Muthaiga Pry Sch- 500,000
1,253,084	CB for FY 2017/2018	Administration Funds
53,258,257		

Committee Observation

1471. The Committee observed that the matter was adequately addressed and resolved.

3.14.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Inaccuracies in the Statement of Assets and Liabilities

1472. The statement of assets and liabilities reflects net financial position total of Kshs.52,938,512. However, prior adjustments amounting to Kshs.5,597,674 were not supported. Consequently, the accuracy, completeness and validity of the net financial position total of Kshs.52, 938,512 reflected in the statement of assets and liabilities as at 30 June, 2019 could not be confirmed.

Management Response

1473. The prior-year adjustments of Kshs.5,597,674 comprised bursary cheques that were unpresented and had become stale and were therefore reversed back to the cashbook. Attached is a copy of the cashbook capturing all items totalling Kshs.5,597,674 (3,430,682 + 261,148 + 1,905,844), which increased the cashbook balance as the year closed. This was done as per the PFM Act of 2012, thus reporting the true financial position of the constituency.

Committee Observation

1474. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Expenditure Bursaries

1475. During the year under review, Management expenditure on bursaries totaled to Kshs.33,080,428. However, the Management did not provide; evidence of existence of Ward Bursary Committees, Bursary Allocation Policy, and acknowledgement of receipt by learning institutions. Consequently, the accuracy, completeness and validity of the bursary awards totaling to Kshs.33,080,428 for the year ended 30 June, 2019 could not be confirmed.

Management Response

1476. At the time of the audit, there was no documented Bursary Allocation Policy from either the Board or the constituency. However, during normal NG-CDFC deliberations, they document criteria for awarding bursaries to needy and bright students. The NG-CDFC would list all applicants, document the criteria as set out in the bursary application form, and prepare the shortlist. Management would table this list at the main NG-CDFC meeting for adoption and implementation. The Board has since issued guidelines on Bursary issuance across the country, and the management has put in place a bursary award committee.

Committee Observation

1477. The Committee observed that the matter was adequately addressed and resolved.

c) Sports Activities

1478. Review of records revealed that Management disbursed an amount of Kshs.3,917,023 to the Project Management Committee (PMC) for use on sports activities. However, records to confirm that sport equipment procured were inspected and recorded in the stores ledgers before issuance, signed distribution lists were not provided. Consequently, the accuracy, completeness and validity of the sports activities total of Kshs.3,917,023 for the year ended 30 June, 2019 could not be confirmed.

Management Response

1479. Procurement records, the stores ledger, signed distribution lists to beneficiaries, photos of beneficiaries receiving the sports gear, and minutes of the Sports sub-committee's deliberations in preparation for the activity were provided to the auditor for review.

Committee Observation

1480. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance

1481. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.173,671,425 and Kshs.153,732,115 respectively, resulting to an under-funding of Kshs.19,939,310 or 11% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.173,671,425 and Kshs.106,398,295 respectively, resulting to an under expenditure of Kshs.67,273,130 or 39% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1482. The underfunding of Kshs.19,939,310 and under-expenditure of Kshs.67,273,130 resulted from resubmissions made later. These resubmissions were later approved and funding disbursed for project implementation. The 39% underperformance resulted from receiving funds close to the close of the FY, while procurement procedures had to be completed to ensure the Fund's efficiency and effectiveness.

2017/2018FY- Normal allocation – Kshs. 11,379,310.34

2016/2017- Resubmissions- Kshs. 8,100,000

2015/2016- Muthaiga Pry Sch- Kshs. 500,000

2018/2019 – Normal allocation – Kshs. 47,333,820

Table 30: Roysambu Constituency, FY 2018/2019 – Budgetary Control and Performance

	Project Name	Project Activity	Project Amount
	Amount in Question		47,333,820
	Roysambu NGCDF	Equipping the NGCDF office (Payment Voucher)	1,000,000
	Garden Estate Pry Sch	Renovation of 10No. Classes	5,000,000
	NGCDF Offices	Additional funds for the construction of NGCDF Offices	4,855,867

Project Name	Project Activity	Project Amount
Social Security (NHIF)	Payment Voucher	1,000,000
Kiwanja Sec Sch	Additional funds for Modern Twin Lab	7,000,000
Kahawa Garrison Sec Sch	Construction of 2NO. classes with a slab roof	5,329.660
Githurai Sec Sch	Additional funds to construct 4NO. Classes)	7,329,115
Kiwanja Pry Sch	Supply of 221 desks at a cost of Kshs. 6,607@	1,460,276
Njathaini Pry Sch	Supply of 221 desks at a cost of Kshs. 6,607@	1,460,276
Mahiga Pry Sch	Supply of 221 desks at a cost of Kshs. 6,607@	1,460,276
Kahawa Pry Sch	Supply of 221 desks at a cost of Kshs. 6,607@	1,460,276

Committee Observation

1483. The Committee observed that the matter was adequately addressed and resolved.

e) Non-Implementation of Projects

1484. The statement of appropriation - recurrent and development combined reflects a budget allocation totaling to Kshs.76,826,735 on transfers to other Government Entities to fund approved projects. However, physical verification revealed that projects worth Kshs.33,029,877 had not been implemented as at the time of the audit. No explanation was given for failure to implement these projects. In the circumstances, I am unable to confirm whether the public obtained value for money for the unimplemented projects.

Management Response

Table 31: Roysambu Constituency, FY 2018/2019 – Non-Implementation of Projects

Project Name	Project Activity	Project Amount
Roysambu NGCDF	Equipping the NGCDF office	1,000,000

Project Name	Project Activity	Project Amount
Garden Estate Pry Sch	Renovation of 10No. Classes	5,000,000
NGCDF Offices	Additional funds for the construction of NGCDF Offices	4,855,867
Social Security (NHIF)		1,000,000
Kiwanja Sec Sch	Additional funds for Modern Twin Lab	2,673,225
Kahawa Garrison Sec Sch	Construction of 2NO. classes with a slab roof	5,329.660
Githurai Sec Sch	Additional funds to construct 4NO. Classes)	7,329,115
Kiwanja Pry Sch	Supply of 221 desks at a cost of Kshs. 6,607@	1,460,276
Njathaini Pry Sch	Supply of 221 desks at a cost of Kshs. 6,607@	1,460,276
Mahiga Pry Sch	Supply of 221 desks at a cost of Kshs. 6,607@	1,460,276
Kahawa Pry Sch	Supply of 221 desks at a cost of Kshs. 6,607@	1,460,276
GRAND TOTAL	33,029,877	

1485. The above projects' funding was disbursed in June 2019, a few days before the close of the year under review. Procurement processes had to take place (minimum two months). As at the time of audit, the listed projects were ongoing and at 70% completion. However, they were all completed and handed over to the user.

Committee Observation

1486. The Committee observed that the matter was adequately addressed and resolved.

f) Irregular Tender Awards

1487. Examination of the bid documents revealed that bidders for various tenders were required to be registered with the National Construction Authority under various categories. However,

the Management awarded tenders amounting to Kshs.30,390,165, to contractors who were not qualified contrary to Section 4(a) of Public Procurement and Dispose (Amendment) Regulation, 2013 which requires the committee to adhere to tender criteria as per tender documents. Further, the Tender Evaluation Committee members carried out joint evaluations as opposed to independent evaluation by each member as required under Section 16(5) of the Public Procurement and Disposal (Amendment) Regulations, 2013 which states that, each member of the committee shall evaluate the tenders or proposals received by the procuring entity independently from the other members prior to sharing his or her analysis, questions and evaluation including his or her rating with the other members of the committee. Consequently, the Management was in breach of the law.

Management Response

1488. The NCA certificates attached by the contractors complied with the criteria set out in the tender award. The tender evaluation committee did their individual evaluation in rough drafts and discussed amongst themselves, giving reasons why each had rated so, but with the guidance of the technical team (The Project Manager and the Supply Chain Management Officer), a conclusion was arrived at, hence preparing a final joint evaluation report and signed by all. This indicated agreement among all parties involved. Attached are the copies of the tender advert indicating the criteria set out, the NCA certificates of the contractors who won the bid and the Joint Technical Evaluation Report.

1489. Projects include: worth of Kshs.30, 390,165. Ablution Block in Githurai Secondary School 4,985,000. 4NO. classes in Garden Estate Secondary School 7,600,000. 4NO. classes in Kiwanja Secondary School 7,600,000. Renovations of 14NO. Classrooms in Garden Estate Primary School 10,400,000. However, management followed the OAG's advice and adopted individual evaluation in all subsequent procurement procedures.

Committee Observation

1490. The Committee observed that the matter was adequately addressed and resolved.

3.14.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Accuracy of the Financial Statements - Misstatement of Use of Goods and Services

1491. The statement of receipts and payments reflects comparative expenditure amounting to Kshs.9,249,923 on use of goods and services. However, Note 5 to the financial statements reflects an amount of Kshs.9, 283,889 resulting to a difference of Kshs.33, 966.

Management Response

1492. The management acknowledged the audit observations regarding the inaccuracies and inconsistencies in the financial statements for the year ended 30 June 2017. These included incorrect disclosure of comparative figures in the statement of receipts and payments. These anomalies arose due to weaknesses in the financial statement compilation. Management recognizes that such errors affect the accuracy, completeness, presentation, and compliance of the financial statements with the format prescribed by the Public Sector Accounting Standards Board (PSASB). The management also confirms that the comparatives amounts are as per the audited financial statement. However there occurred typing error which management commits to ensure it does not recur, through continuous training of staff. The management is committed to strengthening the financial reporting process to ensure that

future financial statements are complete, accurate, and fully compliant with applicable reporting standards.

Committee Observation

1493. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccurate Prior Year Adjustments

1494. Note 14 to the financial statements reflects prior year adjustments amounting to Kshs.52,938,512. However, the statement of assets and liabilities reflects a balance of Kshs.5,597,674 resulting to an unreconciled difference of Kshs.47,340,838.

Management Response

1495. Note 14 to the financial statements (pg. 43) gives a description of the balance brought forward 2018/2019 (Kshs.47,340,838) in addition to the adjustments of the year (Kshs.5,597,674). This would later give the adjusted closing balance for FY 2018-2019. Thus funds available at the beginning of the FY 2019-2020 was Kshs.52,938,512.

Committee Observation

1496. The Committee observed that the matter was adequately addressed and resolved.

c) Variance between Budget and Financial Statements Amounts

1497. The statement of receipts and payments reflects total receipts amounting to Kshs.78,784,868 against summary statement of appropriation - recurrent and development combined actual receipts amounting to Kshs.131,723,381 resulting to unreconciled variance of Kshs.52,938,513. In the circumstances, the accuracy of the financial statements could not be confirmed.

Management Response

1498. The Summary of Statement of Appropriation captures the original budget for the year under review, the available funds (Opening Cashbook Balance = Kshs.52,938,513), and any pending funds from the Board. The difference between actual money received (Kshs.78,784,868) during the year and the total available funds (Kshs.131,723,381) is Kshs.52,938,512.

Committee Observation

1499. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Project Expenditures

1500. The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfers to other government entities amounting to Kshs.70, 431,296. Included in this amount is Kshs.21, 837,819 transferred to primary schools. Review of project documents revealed that the National Government Constituencies Development Fund – Roysambu Constituency tendered for Construction of a Resource Center at Githurai Primary School at a contract sum of Kshs.14, 637,420. The contract was signed on 20 February, 2019 with a contract period of 24 weeks. However, project Iinspection carried out on 17 February, 2021 revealed that the project was incomplete and had stalled. In addition, the installation of doors, windows, external and internal finishes amounting to Kshs.4,473,620 had not been done as per the bills of quantities. Further, review of payment vouchers revealed that the contractor had been paid an amount of Kshs.16,707,889 equivalent to 114% of the contract amount or

Kshs.2,070,489 above the contract sum. The audit also observed that payments amounting to Kshs.1,245,258 and Kshs.1,971,732, respectively, were not supported with payment certificates contrary to Regulation 104(1) Public Finance Management Act (National Government) Regulations, 2015 which states that all receipts and payments shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation. In the circumstances, the accuracy and validity of the expenditure of Kshs.16,707,889 could not be confirmed.

Management Response

Table 32: Roysambu Constituency, FY 2019/2020 – Unsupported Project Expenditures

FY	Amount
2016/2017	3,500,000
2016-2017	4,000,000
2016-2017	561,117
2018-2019	7,403,295
2019-2020	3,762,448
TOTAL ALLOCATION	19,226,860

1501. The first approval of this project was Kshs. 3,500,000, followed by Kshs. 4,000,000, which was a change of project activity from construction of a modern library in the same school. The project did not start until 2018 because of limited space at the school. In FY 2018-2019, the Project Manager advised that management consider future planning, and so the designs changed, which contributed to additional costs of Kshs. 7,403,295, and Roysambu NG-CDF honoured this. As construction was ongoing, variations of Kshs.4,303,565 were approved by the project manager, supported by the project appraisal report, and extra funding was provided in 2019-2020. By the time the audit took place, procurement of the works in question was also ongoing. The questioned works were later completed, and the project was handed over to the user for utilisation. It was officially commissioned on 18th July 2022. The payments made totalled Kshs.14,637,707 as per the breakdown below:

Table 33: Roysambu Constituency, FY 2019/2020 – Unsupported Project Expenditures

Payment Date	Amount as per certificate	Amount Paid	Retention
1/4/19	3,358,900	3,023,010	335,890
7/5/19	3,052,910	2,747,619	305,291
1/8/19	1,500,000	1,350,000	150,000
25/11/19	3,472,964	3,046,549	426,414

Payment Date	Amount as per certificate	Amount Paid	Retention
27/01/20	2,306,124	2,075,512	230,612
08/07/20	946,181	930,681	15,500
08/08/20	1,463,707	1,463,707	0.00
TOTAL		14,637,078	1,463,707

1502. From this analysis, the total amount paid was in accordance with contractual obligations.

Committee Observation

1503. The Committee observed that the matter was adequately addressed and resolved.

e) Unsupported Training Expenses

1504. The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects an expenditure of Kshs.8,584,984 in respect to use of goods and services. Review of records revealed that the Fund paid an amount of Kshs.570,000 to a hotel for a training of its National Government Constituencies Development Fund Committee members. The training was conducted between 8 and 12 October, 2019. However, members of the National Government Constituencies Development Fund Committee signed for two days, that is, 8 and 9 October, 2019. Further, the audit observed that the consultant was paid Kshs.250,000 for training of the National Government Constituencies Development Fund Committee members. However, supporting documents provided for audit review were not clear on the purpose of the training. In the circumstances, the validity and completeness of the training expenses amounting to Kshs.820,000 could not be confirmed.

Management Response

1505. Training NG-CDFCs is an annual activity provided in the annual budget and required in our annual performance contract. The NG-CDFCs signed schedules for all the days they participated in the activity, and the training plan indicating the purpose of the training have since been provided for audit review.

Committee Observation

1506. The Committee observed that the matter was adequately addressed and resolved.

f) Budgetary Control and Performance

1507. The summary statement of appropriation, recurrent and development combined, reflects receipts budget and actual on comparable basis of Kshs.209,856,547 and Kshs.131,794,381, respectively, resulting in an underfunding of Kshs.78,062,166 or about 37% of the budget. Similarly, the Fund expended Kshs.103,792,359 against an approved budget of Kshs.209,856,547 resulting to an under-expenditure of Kshs.106,064,188 or 51% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1508. The allocated budget for the financial year in question was Kshs.137,367,724, and the total amount unspent from previous FYs was Kshs.72,488,823, for a total of Kshs.209,856,547 that the constituency was supposed to utilize before the close of the subject FY. However, the constituency spent Kshs.131,794,381 out of a budget of 209,856,547, translating to 63%. The underutilization of Kshs. 78,062,166, or 37%, resulted from exchequer delays and COVID-19 outbreak effects.

Committee Observation

1509. The Committee observed that the matter was adequately addressed and resolved.

g) Unlabeled Projects

1510. Project inspection carried out on 17 February, 2021 revealed that all projects undertaken for the year under review which were complete or yet to be completed were not labeled contrary to Regulation 15(1)(f) of the National Government Constituencies Development Fund Regulations, 2016 which states that the Project Management Committee shall undertake project closure, labelling and handover upon completion. In the circumstances, the Project Management Committees were in breach of the Regulations.

Management Response

1511. Supervising and coordinating project implementation during the COVID-19 outbreak was complex for all parties involved. However, we overcame the challenge even if it meant taking longer than expected. Project photos for FY 2019-2020 were attached, evidencing that all have been labelled as per the NG-CDF Act 2015 (2016 Regulations 15(1)(f)).

Committee Observation

1512. The Committee observed that the matter was adequately addressed and resolved.

h) Unutilized Funds

1513. Note 17.3 together with Annex 3 to the financial statements reflects un-utilized funds of Kshs.72,488,823 which increased during the year from Kshs.64,670,549 prior year. Further, the unutilized funds were occasioned by un-approved reallocations by Management across projects rather than non-implementation of projects whose monies can be accessed in the bank accounts.

Management Response

1514. The unutilized funds of Kshs.72,488,823 resulted from the previous year 2018-2019, where funds were received as the financial year was coming to an end. The COVID-19 outbreak also greatly contributed to delays from project proposal submission through implementation. However, the projects were finally implemented, completed and put in use.

Committee Observation

1515. The Committee observed that the matter was adequately addressed and resolved.

3.14.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Cash and Cash Equivalents

1516. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.40,334,524 as at 30 June 2021, as further disclosed in Note 10 to the financial statement. Review of the bank reconciliation statements revealed that the Fund spent Kshs.38,592,530 on bursaries to Secondary Schools and Tertiary Institutions in the year under review. However, by 30 June 2021, cheques totalling Kshs.1,885,000 which had not been presented for payment by respective beneficiaries had gone stale. Although it was indicated that the cheques had been written back to the cashbook in the subsequent year, the cash and cash equivalent balance as at 30 June 2021 was overstated by the stale cheques with an amount totalling Kshs.1,885,000. In the circumstance, the accuracy of the cash and cash equivalent balance of Kshs.40,334,524 reflected in the statement of assets and liabilities could not be confirmed.

Management Response

1517. The bursary cheques totalling Kshs.1,885,000 were (some) in beneficiaries' hands, and others remained uncollected. The cheques were reversed and reissued to needy cases.

Committee Observation

1518. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance

1519. The summary statement of appropriation reflects final receipts budget and actual receipts on comparable basis totalling Kshs.243,259,067 and Kshs.185,836,043 respectively resulting to a revenue shortfall of Kshs.57,423,024 or 24% of the budget. Similarly, the Fund spent Kshs.155,127,951 against the approved budget totalling Kshs.243,259,067 resulting to an under expenditure of Kshs.88,131,116 or 36% of the budget. The shortfall of revenue and under expenditure may have constrained the Funds programmes and activities in the year under review and curtailed delivery of services to Roysambu constituents.

Management Response

1520. The under-expenditure of Kshs.88,131,116 resulted from funds being received almost at the close or immediately after the close of the FY under review. However, all projects were completed. They include:

GESS – Ablution Block – 600,000

Muthaiga PS—Classroom renovations— 500,000

GSU PS ---Desks----- 500,000

Kamiti Pry Sch------Renovations--- 3,909,507

GPS ----Resource Centre 3,762,448

Roysambu PS ----4NO. Classrooms-- 6,500,000

Bursaries------Secondary -- -28,576,642

1521. Tertiary 24,636,565

1522. Zimmerman Sec Sch – Ablution 4,800,000

1523. Zimmerman Sec Sch – Classes 17,452,073

1524. Zimmerman Sec Sch-----Twin Lab

Committee Observation

1525. The Committee observed that the matter was adequately addressed and resolved.

3.14.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Other Grants and Transfers - Bursaries

1526. The statement of receipts and payments and Note 7 to the financial statements reflect other grants and transfers amount of Kshs.109,137,004. Included in this amount is bursary and social security programmes (NHIF) expenditure totaling to Kshs.99,819,684 incurred in the year under review. This amount represents 51% of the total transfers from NG-CDF Board, which is 16% above the allowable limit of 35%, contrary to Section 48 of the National Government Constituencies Development Fund Act, 2015 which provide that the funding of social security programmes, education bursary schemes, shall be considered as development projects for the purposes of the Act, provided that such projects shall not be allocated more than thirty-five per centum of the total funds allocated for the Constituency in any financial year. In addition, analysis of the total bursary of Kshs.99,443,684, comprising of Kshs.65,193,120 to secondary schools, Kshs.33,520,564 to tertiary institutions and Kshs.740,000 to special schools revealed that; out of bursary totaling to Kshs.65,193,120 to secondary schools, only an analysis of Kshs.29,920,000 in respect of 5984 students was provided, whereby 983 students who received bursary totaling to Kshs.4,915,000 had no registration or admission numbers. Similarly, out of Kshs.33,510,564 bursary to tertiary institutions, only analysis totaling to Kshs.13,100,000 issued to 1310 students was provided whereby 455 students who received bursary totaling to Kshs.4,550,000 did not have registration or admission numbers. Therefore, bursary totaling to Kshs.65,683,684 remained unaccounted for and the amount of Kshs.9,465,000 to students without admission numbers could not be justified. In the circumstances, the validity, accuracy and completeness of the other grants and transfers amounting to Kshs.75,148,684 could not be confirmed and Management was in breach of the law.

Management Response

1527. The 16% above the allowable limit resulted from administering bursary and social security programs for two financial years (2020/2021 = allocation 48M and 2021/2022 = allocation 47M) within the same financial year. The extra Kshs.4,819,684 was bursaries (Kshs.5,597,674) carried forward from the 2019/2020 financial year. The unaccounted Kshs.75,148,684 comprised Form One and first-year students whose registration details were issued after joining their respective schools. This data was captured when they collected the bursary cheques.

Committee Observation

1528. The Committee observed that the matter was adequately addressed and resolved.

b) Non-Clearance of Unpresented Cheques

1529. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.32,355,439 as disclosed in Note 10A to the financial statements. The bank reconciliation

statement revealed payments in cash book not recorded in bank statement (unpresented cheques) totaling to Kshs.30,547,728 which date back to 18 March, 2021, which included stale cheques totaling to Kshs.2,211,117. However, Management did not provide evidence on when the stale cheques were written back into the cash book. In the circumstances, the accuracy and completeness of the cash and bank balance of Kshs.32,355,439 could not be confirmed.

Management Response

1530. NG-CDFC issued bursary cheques in May 2022, close to year-end. This caused several cheques to be unpresented, though within the allowable six months. These cheques, however, cleared before six months elapsed.

Committee Observation

1531. The Committee observed that the matter was adequately addressed and resolved.

c) Lack of Ramp in School Projects

1532. The statement of receipts and payments and Note 6 to the financial statements reflect transfers to other Government units totaling to Kshs.69,678,412. Included in this amount is transfers to primary and secondary schools totaling to Kshs.19,867,276 and Kshs.49,811,136 respectively. Audit inspection carried out on the projects on 8 March, 2023 revealed that construction of classrooms at Kiwanja Secondary School was complete but had not been labelled contrary to Regulation 11(1)(cc) of the National Government Constituencies Development Fund Regulations, 2016 which states that one of the functions of the Constituency Development Committee shall be to ensure projects are labelled in accordance with the guidelines issued by the Board. Similarly, it was observed that the classrooms and ablution blocks on the first and second floors at Kiwanja and Githurai Secondary Schools did not have ramps for ease of movement of people living with disabilities contrary to Section 22(1) and (2) of the Persons with Disability Act, No. 14 of 2003 which states that a proprietor of a public building shall adapt it to suit persons with disabilities in such manner as may be specified by the Council. In the circumstances, Management was in breach of the law.

Management Response

1533. Both Kiwanja and Githurai Secondary School, which were started by Roysambu NG-CDF, lacked ramps due to space limitations. These schools got land donations from the existing primary schools. The management took the advice and adhered to it in one of the schools that accommodated it, while the other was advised to consider funding lifts customised to cater for the needs of PWDs.

Committee Observation

1534. The Committee observed that the matter was adequately addressed and resolved.

3.14.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Budgetary Control and Performance (Emphasis of Matter)

1535. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.189,560,855 and Kshs.90,307,902 respectively resulting to an under-funding of Kshs.99,252,953 or 52% of the budget. Similarly, the Fund spent a balance

of Kshs.73,216,254 against actual receipts of Kshs.90,307,902 resulting to an under-utilization of Kshs.17,091,648 of 19% of the actual receipts.

Management Response

1536. The under-funding and under-utilisation were caused by late disbursement of funds; the funds were later received, and projects were implemented to completion.

Committee Observation

1537. The Committee observed that the matter was adequately addressed and resolved.

b) Unutilized Funds

1538. Note 17.3 together with Annex 3 to the financial statements reflects un-utilized funds of Kshs.72,488,823 which increased during the year from Kshs.64,670,549 prior year. Further, the unutilized funds were occasioned by un-approved reallocations by Management across projects rather than non-implementation of projects whose monies can be accessed in the bank accounts.

Management Response

1539. The unutilized funds of Kshs.72,488,823 resulted from the previous year 2018-2019, where funds were received as the financial year was coming to an end. The COVID-19 outbreak also greatly contributed to delays from project proposal submission through implementation. However, the projects were finally implemented, completed and put in use.

Committee Observation

1540. The Committee observed that the matter was adequately addressed and resolved.

3.15 Ruaraka Constituency

1541. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Ruaraka Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.15.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Other Grants and Transfers - 4A Modern Market

1542. The statement of receipts and payments reflects expenditure of Kshs.89,017,315 in respect of other grants and transfers which include an amount of Kshs.48,256,887 under the item agriculture (markets). Out of this amount, Kshs.30,266,934 was used for construction of 4A Modern Market within the constituency. However, only Kshs.15,166,934 was supported by documentary evidence. The balance of Kshs.15,100,000 relates to funds transferred to Ruaraka Market PMC and for which documents such as bank statements, payment vouchers and completion certificates were not provided for audit verification. Further, even though the works were done up to the foundation level, the project has been abandoned and some parts of the works are already falling apart. Consequently, the validity of the expenditure of Kshs.15,100,000 in respect of the funds transferred to Ruaraka Market PMC cannot be confirmed.

Management Response

1543. The NGCDF board budgeted and approved the above market, as shown in the attached code list. The market construction was then handed over to the State Department of Housing, which took over the construction and finishing works.

Committee Observation

1544. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalents

1545. As disclosed at Note 10A to the financial statements, the fund had an overdrawn cash book balance of Kshs.1,979,865 as at 30 June 2017. It is not clear why the management continued to issue cheques well aware of the limited funds in the bank account. The management therefore contravened Section 28(4) of the Public Finance Management Act, 2012 which prohibits an accounting officer of a National Government entity from overdrawing the bank beyond the limit authorized by the National Treasury or a board of a national government entity, if any. Consequently, the validity of the overdrawn cashbook balance of Kshs.1,979,865 as at 30 June 2017 cannot be confirmed.

Management Response

1546. Being an election year, it was a priority to have students in school; cheques were issued in anticipation of funds to be received. Once the funds were received, the cheques cleared.

Committee Observation

1547. The Committee observed that the matter was adequately addressed and resolved.

c) Budget and Budgetary Controls

1548. During the year under review, the fund budgeted expenditure amounted to Kshs.103,092,406. However, overall actual expenditure for the year was Kshs.105,072,271 resulting in an over expenditure of Kshs.1,979,865 which is equivalent to about 2% of the total budget. However, the approval for the over-expenditure was not produced for audit review. Further analysis of the budget against actual expenditure indicates administration expenses for the year amounted to Kshs.7,150,048 against a budget of Kshs.7,370,690 resulting in an under expenditure of Kshs.220,642. In addition, out of the development budget of Kshs.95,721,716, an amount of Kshs.97,922,223 was spent resulting in an over expenditure of Kshs.2,200,507, an indication that some expenditure items were incurred without budgetary provisions and plans.

Management Response

1549. The underfunding and under-expenditure were due to delayed disbursement of funds from the exchequer. However, funds were received and projects implemented to completion. The over-expenditure resulted from funds from the previous year that were not yet utilised before the beginning of the financial year 2016/2017.

Committee Observation

1550. The Committee observed that the matter was adequately addressed and resolved.

3.15.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Budget Performance - Under Absorption of Expenditure Budget

1551. Ruaraka NG-CDF management had budgeted to spend Kshs.123,209,790 but the actual expenditure was Kshs.57,754,408 or 47% of the total budget resulting in under expenditure of Kshs.65,455,382 or 53% which has not been explained satisfactorily. The development budget was Kshs.110,572,721 against actual expenditure of Kshs.46,326,388 or 42% resulting in under expenditure of Kshs.64,246,333 or 58% of the development budget which equally has not been explained satisfactorily. In this regard, under expenditure on the budgeted amounts implies that planned activities and programmes were not executed and hence, resulting in inefficient and ineffective service delivery to the constituents.

Management Response

1552. The underfunding and under-expenditure were due to delayed disbursement of funds from the exchequer. However, funds were received and projects implemented to completion.

Committee Observation

1553. The Committee observed that the matter was adequately addressed and resolved.

b) Supply, Delivery and Installation of Computers

1554. Disclosed in Note 6 to the financial statements under transfer to other government entities is an amount of Kshs.10,000,000 relating to transfer to secondary schools. The amount was paid to a contractor following an award of a contract for supply, delivery and installation of one hundred computers in two secondary schools. Records show that fifty computers were received on 19 March 2018 at Baba Dogo Secondary School while the other fifty computers were delivered to Ruaraka High School on the same day. An audit inspection undertaken on 8 April 2019 at Ruaraka High School revealed that three of the computers delivered were not functioning. In the circumstances, value for money has not been realized in respect of the three computers.

Management Response

1555. Management stated that all the computers were in good condition when they were delivered. The three computers developed a problem, and Ruaraka High School management wrote to Ruaraka NGCDF to report it. The supplier responded by repairing the three computers. Ruaraka Management followed up to ensure the matter was rectified. As stated in the school administration's letter, the matter was resolved.

Committee Observation

1556. The Committee observed that the matter was adequately addressed and resolved.

c) Unpresented Bursary Cheques

1557. The expenditure of Kshs.23,471,216 on other grants and other payments as disclosed in Note 7 to the financial statements include an amount of Kshs.6,380,000 incurred on bursaries to secondary schools and tertiary institutions. However, no explanation has been given for failure to present bursary cheques amounting to Kshs.326,000 for payments.

Management Response

1558. Management clarified that bursary cheques amounting to Kshs.326,000 were given to various beneficiaries on time, but they had not presented the cheques to the bank by the end of the financial year. Later, the cheques were cleared.

Committee Observation

1559. The Committee observed that the matter was adequately addressed and resolved.

3.15.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Budgetary Control and Performance

1560. The summary statement of appropriation - recurrent and development reflects final receipts budget and actual comparable basis of kshs.174,601,258 and kshs.102,060,382 respectively resulting to an under funding of kshs.72,540,876 or 42% of the budget. Similarly, the fund spent kshs.51,292,866 against approved budget of kshs.174,601,258 resulting to an under expenditure of kshs.123,308,392 or 71% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Ruaraka Constituency.

Management Response

1561. The underfunding and under-expenditure resulted from delayed disbursement of funds from the exchequer. However, funds were received and projects implemented to completion.

Committee Observation

1562. The Committee observed that the matter was adequately addressed and resolved.

3.15.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Budgetary Control and Performance

1563. The summary statement of appropriation - recurrent and development reflects final receipts budget and actual on comparable basis of Kshs.261,849,897 and Kshs.187,482,173 respectively resulting to an under-funding of Kshs.74,367,724 or 28% of the budget. Similarly, the Fund expended Kshs.131,617,908 against an approved budget of Kshs.261,849,898 resulting to an under-expenditure of Kshs.130,231,990 or 50% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Ruaraka Constituency.

Management Response

1564. The underfunding and under-expenditure were due to delayed disbursement of funds from the exchequer. However, funds were received and projects implemented to completion.

Committee Observation

1565. The Committee observed that the matter was adequately addressed and resolved.

b) Incomplete Tender Documents

1566. Review of tender documents revealed that the Fund tendered for construction of a perimeter fence at a contract sum of Kshs.10,818,685 and the contractor had been paid an amount of Kshs.4,823,005. However, the documents provided did not indicate the length and height of

the perimeter fence contrary to Section 135(6)(e) of the Public Procurement and Disposal Act, 2015 which states that the tender documents shall be the basis of all procurement contracts and shall, constitute at a minimum technical specification. In the circumstances, it was not possible to establish how the contract sum was computed and whether value for money was realized in the implementation of the project

Management Response

1567. The wall was built to a standard height and length as specified in the bills of quantities. The bills of quantities were prepared based on the amount of funds allocated and approved by the NG CDF Board (project code list attached specifying the length of the wall).

Committee Observation

1568. The Committee observed that the matter was adequately addressed and resolved.

3.15.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Budgetary Performance

1569. The summary statement of appropriation reflects final receipts budget and actual receipts on comparable basis of Kshs.267,375,868 and Kshs.222,286,989 respectively, resulting into an under-funding of Kshs.45,088,878 or 17% of the budget. Similarly, the Fund spent Kshs.147,021,386 against an approved budget of Kshs.267,375,869 resulting into an under-expenditure of Kshs.120,354,483 or 45% of the budget. In the circumstances, the under-funding and under-absorption may have impacted negatively on service delivery to the residents of Ruaraka Constituency.

Management Response

1570. The underfunding and under-expenditure were due to delayed disbursement of funds from the exchequer. However, funds were received and projects implemented to completion.

Committee Observation

1571. The Committee observed that the matter was adequately addressed and resolved.

b) Poor Budget Execution by Sectors

1572. Review of budget execution by sectors and projects reflected secondary schools and tertiary institutions bursary budget of Kshs.30,418,289 and Kshs.38,172,974 for secondary schools and tertiary institutions respectively. However, only an amount of Kshs.17,285,000 and Kshs.2,162,715 was awarded to secondary schools and tertiary institutions respectively resulting to a variance of Kshs.13,133,289 or 43% and Kshs.36,010,259 or 94% of the budget for the two categories. No reason was provided for the low issue of bursary funds of 9% far below the required minimum of 25% of the total allocation in the year.

Management Response

1573. Bursary fund utilization fell below target due to the COVID-19 pandemic, which led to school closures and delayed fund disbursements during the year. However, management notes that after schools resumed and funds were disbursed, bursaries were issued to deserving students as per the budget.

Committee Observation

1574. The Committee observed that the matter was adequately addressed and resolved.

c) Unutilized Funds

1575. Note 17.3 to the financial statements reflects unutilized funds of Kshs.120,354,483 for the year ended 30 June, 2021. However, Management did not provide remedial measures to address the increase in the unutilized funds and the recurring situation over the years. In the circumstances, it was not possible to confirm whether the Fund's budget was realistic and whether it had the capacity to implement the projects.

Management Response

1576. Management clarified that the unutilized funds result from late fund disbursement; funds are received late in the financial year, and with the lengthy procurement process for various projects, they end up unutilized by the end of the financial year. The Fund is working on a mechanism to ensure we work closely with the procurement team to ensure proper utilization of the funds before the financial year closes. The projects were later implemented and are in use.

Committee Observation

1577. The Committee observed that the matter was adequately addressed and resolved.

3.15.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Variance in Unutilized Funds

1578. The financial statements in Note 17.3 reflects unutilized funds Kshs.54,715,186 while Annex 3 to the financial statements reflects unutilized funds Kshs.54,937,186 resulting to a variance of Kshs.222,000 which was not explained or reconciled. In addition, Management failed to provide reasons and mitigation measures to address the recurring situation of unutilized funds over the years. In the circumstances, the accuracy of unutilized funds Kshs.54,937,186 could not be confirmed, Further, it was not possible to confirm whether the Fund's budget was realistic and whether it had the capacity to implement the projects.

Management Response

1579. The variance of Kshs.222,000 represents AIA, which had not yet been approved for use by the Board.

Committee Observation

1580. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance

1581. The summary statement of appropriation reflects final expenditure budget and actual expenditure on comparable basis of Kshs.257,505,362 and Kshs.202,568,176 respectively, resulting into an under-expenditure of Kshs.54,937,186 (or 21%) of the budget. In the circumstances, the under-absorption may have impacted negatively on service delivery to the residents of Ruaraka Constituency.

Management Response

1582. The underfunding and under-expenditure were due to delayed disbursement of funds from the exchequer. However, funds were received and projects implemented to completion.

Committee Observation

1583. The Committee observed that the matter was adequately addressed and resolved.

3.15.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Unsupported Project Management Committee Bank Balances

1584. Note 19.4 to the financial statements and as disclosed in Annex 5 reflects project management committee bank balances totaling to Kshs.21,887,990 which were not supported with bank balances certificates, expenditure returns and projects implementation status reports. In these circumstances the accuracy of project management committee bank balances totaling Kshs.21,887,990 could not be confirmed.

Management Response

1585. Management clarified that the Kshs. 21,887,990 are the true balances of the PMC's accounts; the bank certificates provided confirmed the same.

Committee Observation

1586. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance

1587. The summary statement of appropriation reflects final budget and actual on comparable basis of kshs.200,028,789 and kshs.145,941,186 respectively resulting in underfunding of kshs.54,087,603 or 27% of the budget. Similarly, the fund spent kshs.75,575,426 against actual receipts of kshs.145,941,186 resulting to an underutilization of kshs.70,365,760 or 48% of the actual receipts. The underfunding and underutilization affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1588. The underfunding and under-expenditure resulted from delayed disbursement of funds from the exchequer. However, funds were received and projects implemented to completion.

Committee Observation

1589. The Committee observed that the matter was adequately addressed and resolved.

c) Failure to Open and Maintain an Independent Bank Account for Each Project

1590. Review of project files and bank statements revealed that the fund disbursed funds amount of Kshs.9,495,045 to projects of constructing of classrooms, construction of perimeter wall construction of ablution block, and construction of earthworks of amounts of kshs.6,000,000 and kshs.4,000,000 and kshs.2,905,500 respectively. However, disbursement of funds was done from the same bank account instead of individual project accounts. This is contrary to regulation 15(1) of the National Government constituencies development fund regulations, 2016 which provides that there shall be appointed a project management committee for each project in a constituency which shall implement projects and will open and maintain an

independent bank account for each project. In this circumstances management was in breach of the law.

Management Response

1591. Management confirmed that it opened separate accounts for all projects, noting that the query relates to several activities within the Lucky Summer Primary School project. Hence, management was not in breach of law.

Committee Observation

1592. The Committee observed that the matter was adequately addressed and resolved.

3.16 Starehe Constituency

1593. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Starehe Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

3.16.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Submission of Unsigned Financial Statements

1594. Contrary to the requirements of Section 84 of the Public Finance Management Act, 2012 and the guidelines issued by the Public Sector Accounting Standards Board, the financial statements of National Government Constituencies Development Fund- Starehe Constituency for the year ended 30 June 2017 submitted on 29 September 2017 for audit were not signed by the Chairman of Constituency Development Fund Committee and Fund Account Manager. The Fund is therefore in breach of the law.

Management Response

1595. Management took note of the auditor's advice to always ensure that the financial statements are duly signed, also noting that the omission did not affect the correctness of the financial statements.

Committee Observation

1596. The Committee observed that the matter was adequately addressed and resolved.

b) Presentation and Disclosures in the Financial Statements

1597. Both the table of contents and key constituency information and management appear as page No. 1 although both are at separate pages. In addition, page number 11 to 23 have not been printed. Further, the following inconsistencies have been noted in the table of contents. In addition, the referencing format in the statement of receipts and payments is not consistent with the format appearing in the notes to the financial statements. For instance, transfers from CDF board-AIEs received is referenced to Note 1 in the statement of receipts and payments while the item is referenced as 1.1.1.1.1.1.1.1 in the notes to the financial statements. Consequently, the financial statements have not been prepared in accordance with the format prescribed by the Public Sector Accounting Standards Board.

Management Response

1598. Management noted the auditor's advice to ensure that the financial statements are duly paginated and well referenced.

Committee Observation

1599. The Committee observed that the matter was adequately addressed and resolved.

c) Acquisition of Assets

1600. The statement of receipts and payments reflects under acquisition of assets expenditure totalling of Kshs.1,990,000. However, the summary of fixed assets register at Annex 4 reflects nil balance for the current and previous year. No explanation has been provided for this anomaly.

Management Response

1601. The error was noted, and management provided an updated fixed asset register for audit review.

Committee Observation

1602. The Committee'e observed that the matter was adequately addressed and resolved.

d) Use of Goods and Services

1603. The statement of receipts and payments reflects under use of goods and services expenditure amounting to Kshs.3,655,825. However, the annual expenditure returns on the use of goods and services amounted to Kshs.4,392,725 resulting in unexplained variance of Kshs.736,900. Consequently, the accuracy of the expenditure figure of Kshs.3,655,825 on use of goods and services for the year ended 30 June 2017 cannot be confirmed.

Management Response

1604. Management noted that the annual expenditure return had a computation error, which was amended to reflect the actual amount of Kshs. 3,655,825.

Committee Observation

1605. The Committee observed that the matter was adequately addressed and resolved.

e) Ineligible Expenditure

1606. The statements of receipts and payments reflects expenditure of Kshs.40,555,216 under transfers to other government units which as disclosed in Note 6 to the financial statements includes an amount of Kshs.13,814,007 transferred to health institutions. However, health is a devolved function falling under the County Government. The expenditure was incurred contrary to Section 24 of the National Government Constituency Development Fund Act, 2015 which limits projects funding to those falling under National Government function and therefore ineligible. Consequently, the National Government Constituencies Development Fund Board and the Starehe Constituency Development Fund Committee were in breach of the law.

Management Response

1607. Before the NG-CDF limited funding for health projects, the Fund had ongoing projects in health institutions that had to be completed to fulfil the mandate approved by the board during

the project's approval. The Fund transferred Kshs.13,814,007 to complete pending payments for work done in the institutions. The county government could not take up the project if it was incomplete. However, after completing all ongoing health projects, the Fund did not provide additional funding for health-related projects, and all were handed over to the relevant department.

Committee Observation

1608. The Committee observed that the matter was adequately addressed and resolved.

f) Cash and Cash Equivalents

1609. The statement of assets reflects an overdrawn cash book balance of Kshs.13,977,273. The bank statement as at 30 June 2017 reflects a balance of Kshs.10,342,219. However, both bank confirmation certificate and bank reconciliation statement were not provided for audit verification. Further, payment vouchers amounting to Kshs.13,088,936 were not posted in the cash book. Consequently, the completeness and accuracy of the overdrawn bank balance of Kshs.13,977,273 as at 30 June 2017 cannot be confirmed.

Management Response

1610. The cash book had an overdrawn balance of Kshs. 13,977,273, and Kshs.13,088,936 had not been posted. This was rectified, and the cashbook was updated and completed.

Committee Observation

1611. The Committee observed that the matter was adequately addressed and resolved.

g) Non-Remittance of Statutory Deductions

1612. The Fund did not remit PAYE deductions to Kenya Revenue Authority totalling Kshs.1,659,337 as at 30 June 2017. Consequently, the Fund risk incurring interest and penalties for non-remittance of taxes. No explanation has been provided for this omission.

Management Response

1613. The Fund had not remitted PAYE deductions of Kshs.1,659,337 as at 30th June 2017. This was because the PIN was not on ITAX. Management, with the help of KRA, added the PIN to ITAX and remitted all taxes that had been deducted.

Committee Observation

1614. The Committee observed that the matter was adequately addressed and resolved.

h) Budget and Budgetary Controls

1615. During the year under review, the Fund budgeted to spend Kshs.94,396,552. However, overall actual expenditure for the year amounted to Kshs.98,294,366 resulting in over expenditure of Kshs.3,897,814 which is equivalent to about 4% of the total budget. Approval for the over expenditure was not presented for audit review. Further analysis of the budget against actual expenditure indicates that administration expenses for the year amounted to Kshs.6,371,075 against a budget of Kshs.6,474,602 resulting in an under expenditure of Kshs.103,527. Out of the development budget of Kshs.87,921,950, an amount of Kshs.91,923,291 was spent resulting in over expenditure of Kshs.4,001,341. This implies that some expenditure items were incurred without budgetary provisions and approvals from the

NG-CDF Board. The over expenditure was mainly on transfers to other Government Units at Kshs.78,094 and other grants and transfers at Kshs.3,933,247.

Management Response

1616. During the year, the Fund overspent because Kshs.3,897,814 was from the previous financial year. Nonetheless, the expenditure was supported by the approved code list from the previous financial year. Likewise, Kshs.4,001,341 was expended from the development budget related to FY2014/2015 but was approved in FY 2016/2017.

Committee Observation

1617. The Committee observed that the matter was adequately addressed and resolved.

3.16.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Bursaries to Secondary Schools

1618. The statement of receipts and payments for the year ended 30 June 2018 reflects an expenditure of Kshs.27,679,420 against other grants and transfers, which includes an amount of Kshs.24,734,082 for bursaries to secondary schools. However, no explanation was given for failure to present cheques amounting to Kshs.2,856,825 for payments. As a result, the validity of the expenditure of Kshs.2,856,825 could not be confirmed.

Management Response

1619. The bursaries were issued in May and June 2018; however, by year-end, they were not all presented for payment.

Committee Observation

1620. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalents

1621. The statement of assets as at 30 June 2018 reflects cash and cash equivalents balance of Kshs.9,188,265. However, bank reconciliation statement as at the same date reflects unpresented cheques totalling Kshs.8,395,851, which includes stale cheques amounting to Kshs.2,575,198. No explanation was given for failure to reverse stale cheques in the cash book. The accuracy of cash and cash equivalents balance of Kshs.9,188,265 could, therefore, not be confirmed. Further, the stale cheques include statutory deductions which had not been submitted to the relevant authorities as required by the law. Failure to remit statutory deductions within the stipulated period may attract accrued penalties and interests.

Management Response

1622. At the time of reconciliation, the stale cheques were being reversed and could not be noted in the cashbook. However, all the stale cheques were eventually reversed, and the cashbook was well updated, giving an accurate cash and cash equivalent balance. Some statutory deductions, especially NSSF, had become stale since the authority had issues in processing bank cheques and insisted on other modes of payment. The statutory deductions were made in the following financial year.

Committee Observation

1623. The Committee observed that the matter was adequately addressed and resolved.

c) Budget Performance

1624. According to the summary statement of appropriation for the year ended 30 June 2018 Starehe NG-CDF had budgeted to receive from NGCDF Board and spend Kshs.104,521,813. However, the actual receipts and total actual expenditure were Kshs.49,737,330 and Kshs.40,593,292, respectively. No satisfactory explanations were provided by the management for the resultant under-receipts of Kshs.54,784,483 or 52% and under-expenditure of Kshs.63,928,521 or 61% of the total budget. Further analysis of the budget against actual expenditure indicate that out of the development budget of Kshs.90,744,686, an amount of Kshs.35,813,549 was spent resulting in an under expenditure of Kshs.54,931,137 or 61% of the development budget. The under expenditure was mainly on transfers to other government units - Kshs.38,318,599, other grants and transfers - Kshs.9,088,659 and other payments Kshs.7,477,027. The under expenditure is an indication that some approved projects and programmes were not fully implemented and which in turn impacted negatively on efficient and effective delivery of services to the constituents.

Management Response

1625. Project implementation largely depends on fund disbursement. When funds are not disbursed on time, the committee cannot implement the projects as proposed. In the FY under review, the committee received total funding; however, AIE No. B005213 of Kshs.54,784,483 was received in FY 2018/2019 on 10th August 2018, making it difficult for the committee to absorb all the funds by the end of the year.

Committee Observation

1626. The Committee observed that the matter was adequately addressed and resolved.

d) Proposed Construction of Boundary Wall at River Bank Primary School

1627. The Starehe NG-CDF management awarded a tender number NGCDF/20/2018/161 for construction of boundary wall at River Bank Primary School to a contractor at a contract sum of Kshs.1,498,198.50. However, the date of completion of the project was not indicated in the documents made available for audit review. A physical inspection and verification of the project carried out on 15 March 2019 revealed that the wall was not done up to the standards and the workmanship was poor. The school community and the constituents may not therefore get value for money on the project. Total certified works to date is Kshs.916,691.

Management Response

1628. The boundary wall was completed up to the standards as indicated in the Certificates of No Defects and Certificate of Completion provided by the Ministry of Public Works.

Committee Observation

1629. The Committee observed that the matter was adequately addressed and resolved.

3.16.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Stale Cheques in Bank Reconciliation Statements

1630. Examination of bank reconciliation statements reflects Kshs.9,054,089 as un-presented cheques which includes stale cheques amounting to Kshs.468,109 thereby understating the cash and cash equivalent balance by the same amount. No explanation were given for failure

to reverse the stale cheques in the cashbook contrary to Section 90(3) of Public Finance Management Act, 2012.

Management Response

1631. At the time of reconciliation, the stale cheques were being reversed and could not be noted in the cashbook. However, all the stale cheques were reversed, and the cashbook was well updated, giving an accurate cash and cash equivalent balance.

Committee Observation

1632. The Committee observed that the matter was adequately addressed and resolved.

b) Undisclosed Project Management Committee Bank Balances

1633. Review of bank balances revealed that the Project Management Committee had a balance of Kshs.3,000,000 which was not part of the disclosed cash and cash equivalent balance of Kshs.15,762,942. The funds were disbursed to the Project Management Committee account but had not been utilized as at 30 June, 2019. Consequently, the accuracy and completeness of cash and cash equivalents balance of Kshs.15,762,942 as at 30 June, 2019 could not be confirmed.

Management Response

1634. Under cash-basis reporting, disbursements to the PMC were treated as an expense, and any balances in the PMC accounts in the FS were treated as other disclosures; the PMC balances were not included in cash and cash equivalents.

Committee Observation

1635. The Committee observed that the matter was adequately addressed and resolved.

c) Erroneous Net Liabilities

1636. The statement of assets and liabilities as at 30 June, 2019 reflects total financial assets of Kshs.15,762,942 and Nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board (PSASB), Kshs.15,762,942 has been presented as net liabilities instead of net financial position. Consequently, the accuracy and completeness of the statement of assets and liabilities as at 30 June, 2019 could not be confirmed.

Management Response

1637. The error was noted and corrected in the subsequent financial year.

Committee Observation

1638. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance

1639. The summary statement appropriation- recurrent and development combined final receipts budget and actual on comparable basis of Kshs.173,013,624 and Kshs.117,972,748 respectively resulting to an under-funding of Kshs.55,040,876 or 32% of the budget. Similarly, the Fund spent Kshs.102,209,806 against an approved budget of Kshs.173,013,624 resulting to an under-expenditure of Kshs.70,803,817 or 41% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Starehe Constituency.

Management Response

1640. Project implementation largely depends on the disbursement of funds. Once the funds are not disbursed on time, the committee is also not able to implement the projects as proposed. In the FY under review, the committee received total funding in the year, however, AIE No. B047307 of Kshs.52,973,851.50 was received on the FY 2019/2020 date 19th November 2019. Similarly, there was a reallocation of Kshs.2,180,817.00 was reallocated and the approval given on April 01, 2022, making it difficult for the committee to absorb all the funds by the end of the year.

Committee Observation

1641. The Committee observed that the matter was adequately addressed and resolved.

e) Variance in Actual Receipts

1642. During the financial year ended 30 June, 2019, Starehe National Government Constituencies Development Fund had an approved budget of Kshs.173,013,624 and actual receipts of Kshs.117,972,748, which includes adjustments (previous year balances that were not transferred from Constituencies Development Fund Board Account to the constituency account) of Kshs.63,972,748. The statement of receipts and payments reflects Kshs.108,784,483 as the actual receipts resulting to an explained variance of Kshs.64,229,141.

Management Response

1643. The error was noted in the summary statement of appropriation in the actual comparable basis. The error was amended in the subsequent financial year in the comparable figures.

Committee Observation

1644. The Committee observed that the matter was adequately addressed and resolved.

f) Projects not Implemented by Project Management Committee (PMC)

1645. During the Financial year, the constituency disbursed Kshs.17,669,483 on projects which were not implemented and managed by Project Management Committees, bank accounts opened and managed from independent and separate bank account for each project, contrary to Section 15 of National Government Constituencies Development Fund Regulations, 2016. Consequently, the regularity of the projects implemented could not be confirmed.

Management Response

1646. Management acknowledged that projects were being implemented through the NG-CDFC main account, especially the security projects. Management took the auditor's recommendations and started implementing projects through PMCs in the subsequent financial year. Copies of letters requiring institutions being funded to constitute PMCs for implementation of projects and opening bank accounts for receiving funds were provided.

Committee Observation

1647. The Committee observed that the matter was adequately addressed and resolved.

3.16.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Inaccurate Presentation and Disclosure of Financial Statements

1648. Examination of the financial statements presented for audit reflects deviations from the prescribed format by International Public Sector Accounting Standards Board as detailed below: The page numbering of financial statements not serialized. The statement of assets and liabilities is reflected as statement of financial assets. Note 12B to the financial statements reflects Kshs.231,916 opening balances under gratuity whereas the statement of assets and liabilities reflects nil balance.

1649. The statement of assets and liabilities reflects net financial assets of Kshs.21,654,990 against net financial position of Kshs.22,647,573 resulting to unbalanced position of Kshs.992,583.

1650. The summary statement of appropriation - recurrent and development combined reflects transfers from NGCDF Board of Kshs.136,736,794 whereas the statement of receipts and payments reflects Kshs.120,973,852 resulting to unexplained variance of Kshs.15,762,942.

1651. The statement of receipts and payments reflects Compensation of employees and Use of goods and services as under Note 4 and 5 respectively, however Notes to the financial statements reflects the expenditure as under Note 2 and 3. Further, the numbering of the Notes to the financial statements are not sequentially numbered as Note 4 and 5 have been omitted. The summary statement of appropriation: recurrent and development combined reflects Kshs.114,089,221 in respect to budget utilization difference. However, note 17.3 to the financial statements reflects Kshs.98,037,434 in respect to unutilized funds resulting to unexplained variance of Kshs.16,051,787.

1652. In the circumstances, the presentation and disclosure of the financial statements could not be confirmed. Further, the Management has not complied with the prescribed format by the Public Sector Accounting Standards Board.

Management Response

1653. Management acknowledged the errors highlighted by the auditor. The errors were amended in the subsequent financial year's financial statements. The NG-CDF Board and PSASB have been conducting regular training on public finance management and IPSAS accounting for Fund Managers and Sub-county Accountants to improve the presentation of financial reports and statements.

Committee Observation

1654. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccurate Cash and Cash Equivalents

1655. As disclosed under Note 10 to the Financial Statements, the statement of financial assets and liabilities reflects cash and cash equivalents of Kshs.22,647,573. However, examination of cashbook, bank statements and bank reconciliation statements reflects adjusted cashbook balance of Kshs.22,363,455 resulting to unexplained variance of Kshs.284,118. Further, a review of the bank reconciliation statement as at 30 June, 2020 reflects unpresented cheques amounting to Kshs.5,610,144 dating back to 2018 and 2019 which has not been reversed despite being stale. In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.22,647,573 could not be confirmed.

Management Response

1656. During the audit, the reversals had not been made. The stale cheques were later reversed and replaced. Copies of Cash book extracts were provided to the auditor for review.

Committee Observation

1657. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance - Budget Shortfall

1658. The summary statement of Appropriation: Recurrent and Development combined reflects an approved receipts budget of Kshs.208,171,541 out of which the Fund received Kshs.136,736,794 resulting in a deficit of Kshs.71,434,748 equivalent to 34% of the budgeted amount. No explanation has been provided for failure to fund the approved programmes for the period under review.

Management Response

1659. Project implementation largely depends on fund disbursement. When funds are not disbursed on time, the committee cannot implement the projects as proposed. In the FY under review, the committee received total funding of Kshs.136,736,794 within the year, however, AIE No. B140822 of Kshs.26,750,000 and AIE No. B128323 of Kshs.42,617,724.10 were received in FY 2020/2021 on 23 July 2021 and 19th March 2021, respectively. Similarly, there was a resubmission of Kshs. 2,067,064, which was approved on 22 March 2022, making it difficult for the committee to absorb all the funds by the end of the year.

Committee Observation

1660. The Committee observed that the matter was adequately addressed and resolved.

3.16.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Inaccuracies in the Financial Statements - Statement of Receipts and Payments (Basis for Qualified Opinion)

1661. The statement of receipts and payments reflects comparative amount of Kshs.28,568,336 under acquisition of assets which differs with an amount of Kshs.924,700 reflected under Note 8 to the financial statements and the audited financial statements for the year ended 30 June, 2020, by unexplained variance of Kshs.27,643,636 of receipts and payments. Further, the statement reflects an amount of Kshs.32,040,664 in respect to acquisition of asset. However, Note 8 to the financial statements in respect to acquisition of assets reflects Nil amount.

Management Response

1662. The error was noted in the receipts and payments statement and corrected in the subsequent year's financial statements. Management acknowledged the error in the acquisition of assets, and after confirmation, the figured the same.

Committee Observation

1663. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Transfers to Other Government Units

1664. The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects an amount of Kshs.65,700,000 in respect of transfers to other Government units. The transfers includes an amount of Kshs.3,600,000 for supply and delivery of 900 branded wooded lockers and 900 wooden branded chairs to six (6) schools vide payment voucher No.28 dated 25 November, 2020. However, no evidence of delivery of the items was provided for audit. In addition, Racecourse Primary School received total disbursements of Kshs.22,050,000 in the year under review for construction of 1,000 meters perimeter wall, removal of asbestos, reroofing and renovation of three (3) classrooms, repair of walls and floor screeding and painting of ten (10) classrooms. However, physical inspection carried out in the Institution on 7 April, 2022 revealed that, works on repair of walls and painting was only done in six (6) classrooms and not ten (10) as indicated on the payment records. Further, works on floor screeding were not done in any of the classrooms. No explanation was provided for failure to carry out the works valued at Kshs.3,075,000. In the circumstances, the accuracy and validity of transfers to other Government units totalling to Kshs.6,675,000 could not be confirmed.

Management Response

1665. Some delivery notes for the supply of branded wooden lockers had not been presented for audit. This is because the delivery notes at the time of review were in the school PMC files. They were later forwarded to the office and filed. Copies have been availed to the auditor for review. At Racecourse Primary School, the scope of works for the construction of a perimeter wall was 1,000 m, whereas the perimeter for the whole school was 1,249 m; the contractor therefore constructed only 1,000 m, which was within the scope. The NGCDFC in the Following Financial Year provided for the remaining section. Thus, the contractor completed the project under the supervision of the Public Works Officer. Management availed completion certificates, Code lists, and photos to the auditor for review.

Committee Observation

1666. The Committee observed that the matter was adequately addressed and resolved.

c) Unreconciled Bursary Funding

1667. Unreconciled Bursary Expenditure (Kshs.1,498,771) & non-compliance with 25% rule Bursary analysis did not reconcile with financial statements and fell below statutory 25% requirement.

Management Response

1668. Payment vouchers and beneficiaries amounting to Ksh. 1,498,771 were availed. Previous year funds were for allocated projects, thus reducing the percentage.

Committee Observation

1669. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Expenditure on Sports Projects

1670. Unsupported Sports Expenditure (Kshs.2,912,550) Beneficiary lists for sports equipment not provided at audit.

Management Response

1671. The Distribution list of beneficiaries has since been provided to the auditor for review.

Committee Observation

1672. The Committee observed that the matter was adequately addressed and resolved.

e) Variance in Cash and Cash Equivalents

1673. Statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.43,176,686 as disclosed in Note 10 to the financial statements. However, the cash book and the bank reconciliation statement reflected a balance of Kshs.45,347,703 resulting to an unexplained variance of Kshs.2,171,017. Further, the bank reconciliation statements presented for audit included stale cheques totalling Kshs.3,304,141.

Management Response

1674. The cheques amounting to Ksh.2,171,017 were unpresented cheques that had not gone through the Bank or been presented as at the time of audit. Bank reconciliation has been availed to the auditor for review. Stale cheques amounting to Ksh.3,304,141 were reversed and replaced in the cash book. Management availed the cash book extracts to the auditor for review.

Committee Observation

1675. The Committee observed that the matter was adequately addressed and resolved.

f) Unreconciled Project Management Committee Bank Balances

1676. Annex 5 to the financial statements reflects Project Management Committee balance of Kshs.60,887 in respect to Dr. Aggrey Primary School. However, the bank statement and bank certificate reflects a balance of Kshs.50,887 resulting to an unreconciled variance of Kshs.10,000. In addition, reconciliation statements for the bank account were not provided for audit. Further, the bank certificates for Starehe Main Cooperative Bank Account, three (3) secondary schools and five (5) primary schools were not provided for audit review. Similarly, the bank statements for two (2) secondary schools and one (1) primary school were also not provided for audit review. In the circumstances, the accuracy and existence of the PMC bank balances totalling to Kshs.38,876,415 could not be confirmed.

Management Response

1677. The cashbook omitted a payment to the Commissioner of Domestic Taxes of Kshs.8,560.00 by cheque no. 37 and non-reconciled bank charges of Kshs.1,440.00.

Committee Observation

1678. The Committee observed that the matter was adequately addressed and resolved.

g) Budgetary Control and Performance

1679. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.236,333,060 and Kshs.154,981,179 respectively resulting to underfunding of Kshs.81,251,881 or 34% of the budget. Similarly, the Fund spent Kshs.111,804,494 against an approved budget of Kshs.236,333,059, resulting to an under expenditure of Kshs.124,528,565 or 53% of the budget. In the circumstances, the underfunding and under expenditure may have affected service delivery to the public.

Management Response

1680. Project implementation largely depends on fund disbursement. Late AIEs and reallocation delayed absorption.

Committee Observation

1681. The Committee observed that the matter was adequately addressed and resolved.

h) Non-Compliance with the Public Sector Accounting Standards Board Templates

1682. The Fund undertook projects in both primary and secondary schools. However, projects amounting to Kshs.3,400,000 were implemented but were not part of the projects approved and scheduled for implementation as per the approved project code list for financial year 2020/2021.

Management Response

1683. Some projects were from the previous FY due to late disbursement: Mariakani, St Bakhita, Our Lady of Mercy.

Committee Observation

1684. The Committee observed that the matter was adequately addressed and resolved.

i) Lack of Approved Information Communication Technology Policy and Strategic Committee

1685. Review of the Fund's Information Communication Technology (ICT) environment revealed that the Fund did not have an approved ICT Policy, an ICT Strategic Committee, a Data Security Management Policy or an approved Back Up Policy. Further, a review of the Fund's staff records revealed there was no Officer-In-Charge of ICT. In the circumstances, the effectiveness of the Fund's ICT controls could not be confirmed.

Management Response

1686. At the time of the audit, the NG-CDF Board had not cascaded the ICT policy to the Constituencies. The ICT policy has since been availed to the auditor for review.

Committee Observation

1687. The Committee observed that the matter was adequately addressed and resolved.

3.16.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Unreconciled Variance in Transfer from NGCDF Board

1688. The statement of receipts and payments reflects transfers from the National Government Constituencies Development Fund (NG-CDF) Board of Kshs.193,351,880 as disclosed in Note 1 to the financial statements. However, review of the cashbook revealed total receipts of Kshs.5,000,000, resulting in an unexplained variance of Kshs.188,351,880. In the circumstances, the accuracy and completeness of transfers from the NGCDF Board of Kshs.193,351,880 for the year ended 30 June, 2022 could not be confirmed.

Management Response

1689. This was noted and corrected in the financial statements.

Committee Observation

1690. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Cash and Cash Equivalents

1691. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.3,944,973, as disclosed in Note 10 to the financial statements. However, the Fund's cashbook was not balanced or closed. In circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.3,944,973 as at 30 June, 2022 could not be confirmed.

Management Response

1692. The auditor was provided with a cash book extract with the bank balance for review.

Committee Observation

1693. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Bursary Disbursements

1694. The statement of receipts and payments reflects other grants and transfers amount of Kshs.116,647,025 as disclosed in Note 7 to the financial statements. Included in this balance are bursaries of Kshs.46,274,457 and Kshs.51,412,072 to various secondary schools and tertiary institutions respectively. Review of payment records revealed that the Management disbursed a total of a total of Kshs.36,891,000 to six (6) tertiary institutions. However, the expenditure was not supported by relevant documents such as invoices, fee structure, education grades of the students, copies of identification cards, certificates from the institutions and acknowledgment of receipts of funds. In addition, the names of the learning institutions which benefited from the amount of Kshs.35,388,079 in respect of bursary to secondary schools were not supported by relevant details such as full names of the institutions, bank, branch, account name, account number, bursary amount, full name of student, admission number, type institution, and the institution host County. Further, review of payment records revealed that bursaries of Kshs.2,050,000 transferred to four (4) private schools were not supported by appropriate documents and the receipts were not acknowledged by the receiving institutions. In the circumstances, the propriety and accountability for the bursary expenditure of Kshs.97,686,529 for the year ended 30 June, 2022 could not be confirmed.

Management Response

1695. The tertiary and secondary bursary institutions' list of beneficiaries, including the admission numbers and acknowledgement receipts, has since been availed to the auditor for review.

Committee Observation

1696. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Sports Expenditure

1697. The statement of receipts and payments reflects other grants and transfers of Kshs.116,467,025 which includes sports project expenditure of Kshs.2,730,600 as disclosed in Note 7 to the financial statements. However, included in the expenditure was Kshs.2,730,600 paid to a supplier on 20 December, 2021 for the supply of sport equipment which was not supported by counter receipt voucher and inspection and acceptance committee

report. In addition, the minutes of the committee meeting with details of event planning, identification of participants and criteria for determining the order of award to participating teams were not provided for audit. In the circumstances, the accuracy and completeness of sports expenditure of Kshs.2,730,600 for the year ended 30 June, 2022 could not be confirmed.

Management Response

1698. The Distribution list of beneficiaries of the sporting equipment has since been availed to the auditor for review.

Committee Observation

1699. The Committee observed that the matter was adequately addressed and resolved.

e) Compensation of Employees

1700. The statement of receipts and payments reflects compensation of employees of Kshs.3,537,084 as disclosed in Note 4 to the financial statements. Review of records revealed the following unsatisfactory matters:

Delayed KRA Remittances

1701. Review of records revealed Pay As You Earn (PAYE) deductions for the month of May 2022 were remitted to the Kenya Revenue Authority (KRA) on 30 June, 2022, one month after the end of the month of contribution resulting in a penalty of Kshs.10,896 to the Fund. This was contrary to Section 37(1) of the Income Tax Act, which requires that taxes deducted from employees are remitted to KRA on the due date.

Unapproved Payment of Salaries

1702. Review of the payroll records revealed that four (4) employees were not paid salaries in accordance with their respective contracts. In addition, it was observed that members of staff and the Fund Manager were paid allowances of Kshs.1,500 and Kshs.5,000 respectively per meeting. However, no evidence of approval of these rates was provided for audit review. In the circumstances, the regularity of the payment of salaries and sitting allowances could not be confirmed.

Management Response

1703. The delay in remittance of KRA deductions was due to delayed funding. Salaries were in arrears, resulting in the penalty.

Committee Observation

1704. The Committee observed that the matter was adequately addressed and resolved.

f) Irregularities in Project Implementation

1705. The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfers to other Government units amount of Kshs.99,700,083. However, review of records relating to the implemented projects revealed the following anomalies: There were no tender documents and minutes for the opening of the tender and bids from other bidders on contracts related to Muslim and Dr. Aggrey Primary Schools, where the same contractor was awarded the tenders. There was no tender documents and certificates of completion for contracts related to Moi Avenue and City Primary Schools.

1706. The construction of classrooms at Pumwani Boys Secondary School project was completed and paid for in the 2022/2023 financial year. However, a certificate of completion, tender documents and minutes of the tender opening committee meeting, were not provided for audit. Further, it was observed that there was no competitiveness in awarding of the related tender since there was no other bidder. The contractor for the construction of classrooms at Plainsview Primary School was paid directly from the Fund's main account irregularly.

1707. The construction of classrooms at Jamhuri Secondary School cost Kshs.4,999,532 against a budget of Kshs.4,500,000, resulting to an unexplained over expenditure of Kshs.499,352 or 10%. In addition, physical verification revealed that a 12-door ablution block with two (2) doors for people with disability was constructed but was not in use. According to Management, the facility was not in use because the students had vandalized the water pipes. Further, the renovation of the administration block, external painting of seven (7) offices, one (1) store, four (4) classrooms and a multipurpose hall with a capacity of 400 students, was not completed because the cost of the remaining sections was to be contributed by the Parents Association, who had not paid their contribution. The construction of classrooms at Park Road Primary School had not commenced despite the disbursement of Kshs.2,000,000 from the Fund to the school.

Management Response

1708. The tendering documents, certificate of completion, and project photos have since been provided to the auditor for review.

Committee Observation

1709. The Committee observed that the matter was adequately addressed and resolved.

g) Lack of Approved Information Communication Technology Policy and ICT Strategic Committee

1710. Review of the Fund's Information Communication Technology (ICT) environment revealed that the Fund did not have an approved ICT Policy, ICT Strategic Committee, a Data Security Management Policy or an approved Back Up Policy. Further, review of the Fund's staff records revealed there was no Officer-In-Charge of ICT. In the circumstances, the effectiveness of the Fund's ICT controls could not be confirmed.

Management Response

1711. At the time of the audit, the NG-CDF Board had not cascaded the ICT policy to the Constituencies. The ICT policy has since been availed to the auditor for review.

Committee Observation

1712. The Committee observed that the matter was adequately addressed and resolved.

h) Incomplete Assets Register

1713. Review of the assets register revealed that the assets were not priced and they did not have unique tag/identification numbers. In addition, it was observed that office furniture had been transferred to the DCC office without proper documentation. In the circumstances, the effectiveness of the internal controls on asset management could not be confirmed.

Management Response

1714. The anomaly in the Asset register was acknowledged, and a correction was made. The updated register was provided to the auditor for review. The Ng-CDF was allocated a store in the DCC'S Office because there were ongoing renovation works.

Committee Observation

1715. The Committee observed that the matter was adequately addressed and resolved.

3.16.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Inaccuracies in the Financial Statements (Basis for Qualified Opinion)

1716. The statement of receipts and payments reflects use of goods and services amounting to Kshs.9,289,670 for the 2021/2022 financial year whereas the audited amount was Kshs.12,771,916 resulting to an unexplained variance of Kshs.3,482,246. Further, reflected in statement of receipts and payments is use of goods and services opening amount of Kshs.9,289,670 which is at variance with corresponding note 6 to the financial statements amount of Kshs.8,294,556. The resultant variance of Kshs.995,114 was not explained or reconciled. In addition, the statement of cash flows does not indicate the total receipts less total payments amount of Kshs.25,574,420 and Kshs.39,124,228 (2021/2022). In the circumstances, the accuracy of the financial statements could not be confirmed.

Management Response

1717. Management acknowledged the errors the auditor highlighted. The errors were amended in the subsequent financial year's financial statements. The NG-CDF Board and PSASB have been conducting regular training on public financial management and IPSAS accounting for Fund Managers and Sub-county Accountants to improve the presentation of financial reports and statements.

Committee Observation

1718. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalents

Failure to open an Account

1719. The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.33,930,987 as disclosed in Note 12a of the financial statements which includes retention monies. However, the Fund did not open and maintain a separate bank account for deposits for holding third party monies as stipulated by the law.

Stale Cheques

1720. Review of the bank reconciliation statement as at 30 June, 2023 reflects unpresented cheques amounting to Kshs.8,216,082 which included stale cheques totalling Kshs.1,177,577. The cheques were issued between 22 December, 2020 and 21 June, 2022. No explanation was provided for failure to reverse the stale cheques in the cashbooks. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.33,930,987 could not be confirmed.

Management Response

1721. As at the time of audit, the Deposit account had not been opened. Management has since opened a Deposit account, and a copy of the account-opening letter has been availed to the auditor for review. The stale cheques amounting to Ksh.1,177,577 were reversed and replaced. Management availed cash book extracts to the auditor.

Committee Observation

1722. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Project Management Committee Account Balances

1723. Note 18.4 to the financial statements reflects a PMC opening bank account balance of Kshs.51,922,719 whereas Annex 5 to the financial statements on detailed analysis of the PMC bank balances reflects a balance of Kshs.12,174,945. The resultant variance between the two sets of information amounting to Kshs.39,747,774 has not been explained or reconciled. In the circumstances, the accuracy and completeness of the PMC account balances could not be explained.

Management Response

1724. The errors in PMC account balances were noted and corrected. The corrected PMC account balances schedule and bank statements have since been provided to the auditor for review.

Committee Observation

1725. The Committee observed that the matter was adequately addressed and resolved.

d) Duplicate Awards of Bursaries

1726. Review of documents revealed cases of duplicate awards of bursaries totaling to Kshs.2,065,056 involving one hundred and fourteen (114) students awarded bursaries more than once. Further, Management awarded scholarship totalling Kshs.307,108 to beneficiaries in primary schools. This contradicts the Government's policy of free primary education as it results in double expenditure on taxpayer's money thus contravening Article 232(1)(b) of the Constitution of Kenya.

Management Response

1727. Management acknowledged the concern and stated that it was not duplication, but it was a full scholarship bursary paid in 2 phases. Kshs.307,108 was for special schools, not primary schools.

Committee Observation

1728. The Committee observed that the matter was adequately addressed and resolved.

e) Irregularities in the Construction of Office of the Deputy County Commissioner (Basis for Conclusion)

1729. Review of documents revealed that the Fund paid a total of Kshs.7,000,000 to a local contractor for the construction of the office of Deputy County Commissioner during the year. However, physical inspection in March, 2024 revealed the following anomalies in respect of the project: The bill of quantities provided for the supply and installation of twenty-four (24) countertop wash hand basins size 635*500 mm at a cost of Kshs.125,000. However, only fourteen (14) hand wash basins were installed resulting to possible loss of public funds.

1730. The bill of quantities provided for the supply and installation of four (4) automatic hand driers at a cost of Kshs.84,000. However, only one (1) automatic hand drier was installed. The bill of quantities provided for the supply and installation of four (4) Wall soap dispensers at a cost of Kshs.36,000. However, only one (1) wall soap dispenser was installed. The bill of quantities provided for the supply and installation of eighteen (18) chrome plated toilet roll holders at a cost of Kshs.35,700. However, only one (1) chrome plated toilet roll holder was installed resulting to possible loss of public funds. The bill of quantities provided for the supply and installation of a disabled person's water closet and wash hand basin facility at a cost of Kshs.300,000. However, none was installed and the room was converted into a store. In the circumstances, the value for money on the amount of Kshs.7,000,000 incurred in the implementation of the project could not be confirmed.

Management Response

1731. The DCCs' office was being finished while still occupied. This resulted in a slow pace in the activities that were ongoing. However, the works were pushed to ensure completion. During the audit, the project was ongoing. This was later fixed, and the project is in use.

Committee Observation

1732. The Committee observed that the matter was adequately addressed and resolved.

3.17 Westlands Constituency

1733. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Westlands Constituency for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows

3.17.1 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Non-implementation of Projects (Other Matter)

1734. During the year under review, the Constituency Fund management did not implement the following projects despite being budgeted for:

Table 34: Westlands Constituency, FY 2016/2017 – Non-implementation of Projects (Other Matter)

Transfer to Other Government Entities	
Project Name	Budgeted Amount (Kshs.)
Westlands Primary School	5,000,000
Farasi Lane Primary School	5,000,000
Lower Kabete Primary School	3,118,349
Kabete Rehab. Primary School	1,500,000
Cheleta Primary School	504,092
Kihumbuini Primary School	508,006
Bohra Primary School	550,737

Transfer to Other Government Entities	
Hospital Hill Primary School	800,714
Kangemi Primary school	846,061
Kangemi Secondary School	2,500,000
Githogoro Water Project	1,500,000
Total	21,827,959
Other Grants and Transfers	
Bursary Secondary Schools	1,179,637
Strategic Plan	47,000
Construction of 5 AP houses	4,000,000
Mwimuto bridge	42,304
Constituency Sports Tournament	43,270
Environmental activities	891,049
Emergency	4,168,725
Audit fee	1,000,000
Total	11,371,985
Grant total	33,199,944

1735. No satisfactory explanation has been provided by the Constituency Fund management.

Management Response

1736. The non-implementation of the listed projects during the financial year under review was primarily due to delays in fund disbursement from the Board. As a result, the Constituency Fund could not commence and/or complete the planned activities within the stipulated period. However, the funds were subsequently released in the following financial year (FY 2017/2018), upon which the management initiated and implemented the affected projects. Supporting documentation, including copies of Authority to Incur Expenditure (AIEs), completion certificates, and photographic evidence of the completed projects, was provided for audit verification.

Committee Observation

1737. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary and Budgetary Control

1738. A review of the budget and expenditure records for the year 2016/2017 showed that the Fund incurred total expenditure of Kshs.83,592,211 against an approved final budget of Kshs.133,752,175 resulting in a gross under expenditure of Kshs.50,159,964 and net under expenditure of Kshs.49,809,965 as detailed below:

Table 35: Westlands Constituency, FY 2016/2017 – Budgetary and Budgetary Control

Project Name	Final Budget (Kshs.)	Actual Expenditure (Kshs)	Under Expenditure (Kshs.)
Westlands Primary	10,000,000	5,000,000	5,000,000
Farasi Lane Primary School	5,000,000	-	5,000,000
Lower Kabete Primary School	10,000,000	6,881,651	3,118,349
Kabete Rehab.Pri. School	1,500,000	-	1,500,000
Kangemi Secondary School	2,500,000	-	2,500,000
Cheleta Primary School	504,092	384,404	119,688
Kihumbuini Primary School	476,846	248,275	228,571
Bohra Primary School	5,550,737	5,411,158	139,579
Visa Oshwal Primary School	2,582,282	1,757,893	824,389
Hospital Hill Primary School	800,714	-	800,714
Kangemi Primary school	846,061	-	846,061
Mji wa Huruma Health Centre	2,000,000	-	2,000,000
Audit fee	500,000	-	500,000
Mwimuto bridge	1,000,000	957,696	42,304
Strategic Plan	1,647,000	1,600,000	47,000
Runda Police Station	1,100,000	-	1,100,000
Githogoro Water Project	1,500,000	-	1,500,000
Emergency	8,462,775	2,981,450	5,481,325
Constituency Sports Tourn.	1,843,270	1,800,000	43,270
Bursary Secondary Schools	25,586,637	23,605,000	1,981,637
Environmental Activities	1,843,270	925,550	917,720
CDF Office	14,956,898	-	14,956,898
Compensation of Employees	1,930,175	1,882,908	47,267
Use of Goods and Services	9,735,420	8,129,563	1,605,857
Sub-Total	111,866,176	61,565,548	50,300,628
Over Expenditure			

1739. The under-expenditure and over-expenditure are indications that the Constituency Fund management did not fully implement the budget as approved by the board and are also signs of weak budgetary control.

Management Response

1740. The non-implementation of the listed projects during the financial year under review was primarily due to delays in fund disbursement from the Board. However, the funds were subsequently released in the following financial year (FY 2017/2018), upon which the management initiated and implemented the affected projects. On the other hand, the reported over-expenditure on the listed projects arose from the utilization of unspent balances brought forward from the previous financial year. The balance is reflected in the adjustment column of the Appropriation for the financial year 2015/2016, which captures prior year balances carried forward for project completion.

Committee Observation

1741. The Committee observed that the matter was adequately addressed and resolved.

3.17.2 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Cash and Cash Equivalents

Stale Cheques

1742. The statement of assets and liabilities as at 30 June 2018 reflects Cash and Cash Equivalent balance of Kshs.14,760,929 comprising of bank balances as disclosed in note 10A to the financial statements. However, the following unsatisfactory matters have been noted: The stale cheques amounting to Kshs.2,049,546.08 were not reversed in the cash book by the end of the financial year.

Management Response

1743. The stale cheques amounting to Kshs.2,049,546.08 were not reversed in the cash book by the end of the financial year because they had not yet been identified as stale cheques. However, the same were subsequently identified and reversed in the following financial year (FY 2018/2019). Copies of the relevant cash book extracts and updated bank reconciliation statements reflecting the reversals have been attached for audit verification.

Committee Observation

1744. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalents - Unconfirmed Bank Balances

1745. The Project Management Committee bank balances of Kshs.1,624,421 held at Cooperative and Equity banks as of 30 June 2018 were not supported by bank statements and certificate of bank balances as that date. In view of the matters highlighted above, the accuracy and completeness of cash and cash equivalents balance of Kshs.14,760,929 as at 30 June 2018 could not be confirmed.

Management Response

1746. At the time of audit, the Project Management Committee (PMC) project files were still being updated as the projects were ongoing, which resulted in the unavailability of supporting bank statements and bank balance confirmations. The required documentation has since been obtained and updated. Copies of the PMC bank statements from Cooperative Bank and Equity Bank confirming the balances as at 30 June 2018 were provided for audit review.

Committee Observation

1747. The Committee observed that the matter was adequately addressed and resolved.

c) Net Financial Position

1748. The statement of assets and liabilities as at 30 June 2018 reflects total financial assets of Kshs.14,760,929 and nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the net financial position of Kshs.14,760,929 has instead been presented as net liabilities.

Management Response

1749. The anomalies have been attributed to the template used during the year under review. The anomalies were addressed by preparation of financial statements using the amended template in the subsequent financial year.

Committee Observation

1750. The Committee observed that the matter was adequately addressed and resolved.

d) Budget Performance

1751. According to the summary statement of appropriation for the year ended 30 June 2018 Westlands NG-CDF had budgeted to receive from NG-CDF Board and spend Kshs.127,616 respectively. However, the actual receipts and total actual expenditure were Kshs.90,492,132 and Kshs.75,731,194, respectively. No satisfactory explanations were provided by the management for the resultant under receipts of Kshs.55,784,484 or 38% and under-expenditure of Kshs.70,545,422 or 45% of the total budgets. The underutilization of the approved budget is an indication that some approved programs were not fully implemented and which in turn impacted negatively on efficient and effective delivery of services to the constituents.

Management Response

1752. The under-receipts and under-expenditure reported during the financial year were mainly attributable to delays in the disbursement of funds from the NG-CDF Board. Consequently, the Constituency Fund could not fully implement the approved projects and programmes within the financial year under review. The funds were subsequently released in the following financial year (FY 2018/2019), and management implemented the affected projects and activities as planned. Supporting documentation, including copies of Authority to Incur Expenditure (AIEs), project summaries, completion certificates, and photographic evidence, was provided for audit verification.

Committee Observation

1753. The Committee observed that the matter was adequately addressed and resolved.

3.17.3 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Budget Control and Performance (Other Matter)

1754. As reflected in the summary statement of appropriation - recurrent and development combined the National Government Constituencies Development Fund – Westlands Constituency had budgeted receipts of Kshs.180,086,287 and actual receipts on comparable basis amounting to Kshs.123,545,413 resulting into under-collection of revenue of

Kshs.56,540,874 or 32% of budgeted receipts. Similarly, the Fund's actual expenditure amounted to Kshs.91,959,752 against a budget of Kshs.180,086,287 resulting into an under-expenditure of Kshs.88,126,535 or 49% of the budget. The under expenditure indicates that planned projects were not fully implemented which may have impacted negatively on efficient and effective delivery of services to the constituents.

Management Response

1755. The under-collection and under-expenditure reported during the financial year were mainly attributable to delays in the disbursement of funds from the NG-CDF Board. Consequently, the Constituency Fund could not fully implement the approved projects and programmes within the financial year under review. The funds were subsequently released in the following financial year, and management implemented the affected projects and activities as planned. Supporting documentation, including copies of Authority to Incur Expenditure (AIEs), project summaries, completion certificates, and photographic evidence was provided for audit verification.

Committee Observation

1756. The Committee observed that the matter was adequately addressed and resolved.

3.17.4 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Accuracy of the Financial Statements

1757. The financial statements for the year ending 30 June 2020 presented for audit had the following errors:

Statement of Appropriation – Recurrent and Development Combined

1758. The statement of appropriation - recurrent and development combined had discrepancies.

Management Response

1759. Management noted the discrepancy of Kshs.17,456,898 in the Statement of Appropriation – Recurrent and Development Combined, which arose from posting figures during the preparation and consolidation of the financial statements. The anomaly has since been noted, and measures have been taken to enhance the accuracy of the Statement of Appropriation.

Committee Observation

1760. The Committee observed that the matter was adequately addressed and resolved.

b) Comparative Figures

1761. The financial statements had errors on balances brought forward as indicated in the table below:

Table 36: Westlands Constituency, FY 2019/2020 – Comparative Figures

	Description	2019/2020 Financial Statements Comparative Amount	2018/2019 Financial Statement Amount	Variance
1	Compensation of employees	1,426,758	1,447,158	(20,400)
2	Transfers to Other Govt Units	44,332,937	44,701,550	(368,613)
3	Note 1 - Transfers from other Government units	108,795,471	108,784,484	10,987
4	Note 4 - Compensation of employees	1,426,758	1,447,158	(20,400)
5	Note 6 - Transfers to Other Govt Units	44,332,937	44,701,550	(368,613)
6	Note 17.3 - Unutilized funds	88,126,535	88,115,558	10,977
7	Note 17.2 - Staff payables	0	683,856	(683,856)
8	Note 17.4 - PMC Account balances	27,216,717	20,142,567	7,074,150
9	Annex 4 - Summary of Fixed Assets	2,185,175	1,319,207	865,968
10	Annex 5 - PMC Bank Balances	27,216,717	20,142,567	7,074,150

1762. In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

Management Response

1763. The discrepancies arose from errors in transferring and presenting balances brought forward from the prior financial year (2018/2019), as well as inconsistencies in supporting schedules and notes to the financial statements. Management committed to ensuring that future financial statements present accurate and fully reconciled comparative figures in compliance with applicable reporting standards.

Committee Observation

1764. The Committee observed that the matter was adequately addressed and resolved.

c) Transfers to Other Government Units

1765. The statements of receipts and payments for the year under review reflect transfers to other government entities amounting to Kshs.83,022,084. The amount includes Kshs.46,529,763

and Kshs.36,492,321 in respect of transfers to primary schools and secondary schools respectively as shown in Note 6 to the financial statements. Examination of expenditure documents for the respective transfers revealed payments amounting to Kshs.1,189,469 whose payment vouchers were missing and could not be availed for audit. In the circumstances, the validity and completeness of the payments amounting to Kshs.1,189,469 during the year ending 30 June, 2020 could not be confirmed.

Management Response

1766. Management acknowledged that payment vouchers supporting expenditures amounting to Kshs.1,189,469 were not availed during the initial audit due to filing and retrieval challenges. However, the missing payment vouchers have since been traced from the archives and submitted for audit verification. The expenditures were duly authorized and relate to legitimate transfers to the respective beneficiary institutions. Management strengthened records management and filing systems to ensure that all supporting documents are readily accessible for audit and to prevent recurrence of similar issues in future.

Committee Observation

1767. The Committee observed that the matter was adequately addressed and resolved.

d) Undisclosed Funds

1768. Note 17.3 to the financial statements reflect unutilized funds amounting to Kshs.75,893,039 as at 30 June, 2020. Review of the project implementation status report presented for audit revealed that Hospital Hill Primary School had received Kshs.5,500,000 for the construction of a library with a capacity of 200 pupils in 2013/2014 financial year. The scope of works comprised a slab, staircase and a ramp to completion. The project funds were deposited at the school's Westlands main bank account, from where payments were made. However, a donor came on board and finalized the project, but the unutilized funds, which have not been reallocated, are not disclosed in the financial statement. In the circumstances, the validity and completeness of transfers of Kshs.5,500,000.00 could not be confirmed.

Management Response

1769. The unutilized funds were not omitted but were disclosed under PMC bank balances in the financial statements. This disclosure captures project funds held at the PMC level. Management provided relevant supporting documentation, including the PMC bank balance, for audit verification.

Committee Observation

1770. The Committee observed that the matter was adequately addressed and resolved.

e) Budget Control and Budget Performance (Other Matter)

1771. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.225,494,162 and Kshs.154,626,537 respectively resulting and shortfall of Kshs.70,867,625 or 31% of the approved budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Kshs.225,494,162 and Kshs.149,601,220 respectively, resulting in underperformance amounting to Kshs.75,892,942 or 34% of the budget. The underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the residents of Westlands Constituency.

Management Response

1772. The under-funding and under-expenditure reported during the financial year were mainly attributable to delays in the disbursement of funds from the NG-CDF Board/National Treasury. Consequently, the Constituency Fund could not fully implement the approved projects and programmes within the financial year under review. The funds were subsequently released in the following financial year, and management implemented the affected projects and activities as planned. Supporting documentation, including copies of Authority to Incur Expenditure (AIEs), project summaries, completion certificates, and photographic evidence, was provided for audit verification.

Committee Observation

1773. The Committee observed that the matter was adequately addressed and resolved.

f) Transfers to Other Government Units - Irregular Purchase of Furniture

1774. The statement of receipts and payments reflects transfers to other government units amounting to Kshs.83,022,084, which includes Kshs.3,925,000 transferred to Nairobi School for purchase of furniture. However, the Project Management Committee (PMC) was not constituted contrary to section 57 of the National Government Constituencies Development Fund Act, 2015. Further, there was no evidence that a PMC bank account was opened for the implementation of the Project, contrary to Regulation 15(1c) of the National Government Constituencies Development Fund Regulations, 2015. In addition, review of procurement records provided for audit revealed that the evaluation committee of a tender for the supply furniture, recommended a supplier who was most responsive, subject to adherence of the required quality. The professional opinion also recommended award to the supplier subject to meeting the required quality. However, different suppliers were contracted to supply the furniture by the Management of Nairobi School, and as a result, it could not ascertain whether the other suppliers were identified in accordance with the Public Procurement and Asset Disposal Act, 2015. In addition, there was no evidence to show that the furniture had been received inspected by an inspection and acceptance committee in accordance with the section 48(3) of the Public Procurement and Asset Disposal Act, 2015. In the circumstances, the fund administrator was in breach of the Law.

Management Response

1775. Management clarified that due to the urgency of the procurement, the school utilized the entire Board of Management instead of constituting a three- or five-member Project Management Committee (PMC) as per NG-CDF Regulations 2016. Consequently, the school did not open a separate PMC bank account for this project. Regarding the procurement process, the evaluation committee had recommended the most responsive supplier, and professional opinion supported the award subject to quality requirements. Management confirmed that the furniture was subsequently delivered and inspected. Management provided evidence of the Inspection and Acceptance Committee's review to the auditors for verification. Management notes the breach and commits to strict adherence to the NG-CDF Act, 2015, the NG-CDF Regulations, 2016, and the Public Procurement and Asset Disposal Act, 2015 in all future projects, including proper constitution of PMCs and timely establishment of project accounts.

Committee Observation

1776. The Committee observed that the matter was adequately addressed and resolved.

g) Bursaries

1777. Note 7 to the financial statements reflects Kshs.17,344,600 and Kshs.15,484,124 in respect of bursaries to secondary schools and tertiary institutions respectively. However, the bursaries were not supported with documentary evidence including applications, approval process, acknowledgement by schools and institutions, and a list of recipients or beneficiaries. In the circumstances, the accuracy and validity of the Kshs.17,344,600 and Kshs.15,484,124 bursary disbursements for the year ending 30 June, 2020 could not be confirmed.

Management Response

1778. Management provided all supporting documentation, including bursary applications, approval records, acknowledgements from the respective schools and institutions, and beneficiary lists, which have been traced and made available for verification. Going forward, management will strengthen record-keeping procedures to ensure that all bursary disbursements are properly documented and readily available for audit review.

Committee Observation

1779. The Committee observed that the matter was adequately addressed and resolved.

3.17.5 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Stale Cheques in Bank Reconciliation Statement

1780. The statement of assets and liabilities reflects bank balance of Kshs.69,430,872 and as disclosed in Note 10 to the financial statements. However, bank reconciliation statement for the month of June, 2021 reflects unpresented cheques totaling to Kshs.8,143,603 out of which Kshs.4,547,367 were stale. Further, some of the stale cheques dated back to 2019. These cheques had not been reversed in the cashbook. In the circumstances, the validity, accuracy and completeness of the cash and cash equivalent balance of Kshs.69,430,872 could not be confirmed.

Management Response

1781. The identified stale cheques have since been reversed in the cashbook, as evidenced by the cashbook extract showing reversal and replacement. Management provided supporting documentation, including the relevant cashbook extracts, for audit verification.

Committee Observation

1782. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance (Other Matter)

1783. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs.211,639,920 and Kshs.166,393,041 respectively, resulting into an under-funding of Kshs.45,088,879 or 21% of the budget. Similarly, the Fund spent Kshs.97,120,169 against an approved budget of Kshs.211,639,920 resulting into an under-expenditure of Kshs.114,519,751 or 54% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1784. The under-funding and under-expenditure reported during the financial year were mainly attributable to delays in the disbursement of funds from the NG-CDF Board/National Treasury. Consequently, the Constituency Fund could not fully implement the approved projects and programmes within the financial year under review. The funds were subsequently released in the following financial year, and management implemented the affected projects and activities as planned. Supporting documentation, including copies of Authority to Incur Expenditure (AIEs), project summaries, completion certificates, and photographic evidence, was provided for audit verification.

Committee Observation

1785. The Committee observed that the matter was adequately addressed and resolved.

c) Unresolved Prior Year Matters (Other Matter)

1786. In the audit of the previous year, several issues were raised. The Management has not resolved the issues or provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board template.

Management Response

1787. Management committed to resolving all outstanding audit recommendations and has instituted measures to ensure timely follow-up and implementation of auditor recommendations. Efforts are ongoing to provide satisfactory explanations and supporting evidence for all prior-year audit issues, and management anticipates full resolution at the Decentralized Funds Account Committee.

Committee Observation

1788. The Committee observed that the Management did not provide sufficient documentation to verify the matter, and the query remained unresolved.

d) Unutilized Project Management Committee Funds (Other Matter)

1789. Note 17.3 to the financial statements reflects Project Management Committee unutilized fund balance of Kshs.114,519,751 which was not returned to the Constituency account contrary to Section 12(8) of the National Government Constituency Development Fund Act, 2015 which states that all unutilized funds of the Project Management Committee shall be returned to the Constituency account. In the circumstances, Management was in breach of the law.

Management Response

1790. Management concurred with the auditor on the Act's provisions. However, management clarified that the PMC balances were for ongoing projects and were due for payment to the contractor once a certificate of payment is availed.

Committee Observation

1791. The Committee observed that the matter was adequately addressed and resolved.

3.17.6 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Inaccuracies in the Financial Statements

1792. The statement of receipts and payments reflects comparative balances which are at variance with the certified financial statements balances as analyzed below:

Table 37: Westlands Constituency, FY 2021/2022 – Inaccuracies in the Financial Statements

	Opening Balance	Closing Balance	Variance (Kshs.)
Item	2021/2022 (Kshs.)	2020/2021 (Kshs.)	
Transfer to Other Government Entities	63,598,524	56,963,874	6,634,650
Other Grants and Transfers	16,029,390	22,664,040	(6,634,650)
Transfer to Primary School	15,791,674	15,463,874	327,800
Transfer to Secondary School	47,806,850	41,500,000	6,306,850

1793. In addition, Note 7 to the financial statements reflects other grants and transfers prior year balance of Kshs.16,029,390. However, omitted from this balance is the expenditure on environment projects amount of Kshs.720,000 and emergency projects amount of Kshs.5,514,650. Further, Note 17.4 to the financial statements and as analyzed under Annex 5 reflect Project Management Committee account balances totaling to Kshs.28,951,743 as at 1 July, 2021 while the certified financial statements reflect Kshs.42,197,586 resulting to a variance of Kshs.13,246,113 which was not explained or reconciled. In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

1794. The variances arose from minor omissions and posting differences in the recording of prior-year transactions, including environment and emergency project expenditures totalling Kshs.6,234,650, which were not reflected in Note 7 of the financial statements. Management confirms that due diligence will be exercised to minimize such errors, including thorough review and reconciliation of records prior to finalization of the financial statements. In addition, management prepared an updated list of PMC accounts and balances and made it available to the auditors to support the reported figures.

Committee Observation

1795. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Bursary to Tertiary Institutions

1796. The statement of receipts and payments reflects an amount of Kshs.73,832,619 in respect of other grants and transfers as disclosed under Note 7 to the financial statements. Out of this amount, Kshs.15,880,556 and Kshs.45,588,860 was in respect of bursary to tertiary institutions and secondary schools respectively. A review of records provided for audit review in respect of bursary to tertiary institutions revealed that Kshs.2,098,000 was paid as secondary schools bursary but was classified under bursary to tertiary institutions. In addition, the list of students and the amount paid attached to the payment voucher totaled to Kshs.1,998,600 as detailed in the attached Appendix. As a result, the bursary to tertiary institutions is overstated by Kshs.2,098,000. Further, the amounts disbursed to tertiary institutions were not supported with a schedule of benefiting institutions, names of respective students, registration or admission numbers, amounts, cheque numbers and dates amounts were released. In the circumstances, the accuracy and propriety of the bursary expenditure totaling to Kshs.61,469,416 could not be confirmed.

Management Response

1797. Management acknowledged that Kshs.2,098,000 was incorrectly classified under tertiary institution bursaries instead of secondary school bursaries. Management confirms that all missing supporting documentation, including schedules of benefiting institutions, names of students, registration/admission numbers, amounts, cheque numbers, and payment dates, was traced and availed to the auditors for verification.

Committee Observation

1798. The Committee observed that the matter was adequately addressed and resolved.

c) Security Projects

1799. The statement of receipts and payments reflects an amount of Kshs.73,832,619 in respect of other grants and transfers as disclosed under Note 7 to the financial statements. Included in this amount is Kshs.3,691,899 in respect of security projects. Examination of the approved project code list for security projects revealed that the project code list allocated Kshs.3,191,899 for construction of 2 rooms' office with 2 inside flush toilets with completion to the roof. However, the activity carried out involved construction of 2 room offices with a board room. No approval from the Board was provided for the variation. The tender documents for the project were not provided, and therefore it was not possible to verify the project progress and status. Physical verification carried out on 13 March, 2022 revealed that there was only one flush toilet instead of 2, as recommended and the visitors' seats were 3 not 10 as recommended. An inventory record for the assets acquired was not maintained. In the circumstances the completeness of projects expenditure amounting to Kshs.3,191,899 could not be confirmed.

Management Response

1800. The Management acknowledged the observations regarding the security projects amounting to Kshs.3,691,899, specifically the construction of two-room offices with boardrooms. Management confirmed that the tender documents for the project have been traced and provided to the auditors. Upon verification, all ten visitors' seats were provided as per the project specifications (chiefs' verification list). An inventory record for the acquired assets has since been prepared and submitted.

Committee Observation

1801. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance (Other Matter)

1802. The summary statement of appropriation reflects a final expenditure budget of Kshs.251,608,630 against actual expenditure of Kshs.227,335,170 resulting in budget under-utilization of Kshs.24,273,460 equivalent to 10% of the approved budget amount. The underperformance may have affected planned activities and may have impacted negatively on service delivery to the public.

Management Response

1803. Under-expenditure reported during the financial year was mainly attributable to delays in the disbursement of funds from the NG-CDF Board/National Treasury. Consequently, the Constituency Fund could not fully implement the approved projects and programmes within the financial year under review. The funds were subsequently released in the following financial year (FY 2021/2022), and management implemented the affected projects and activities as planned. Supporting documentation, including copies of Authority to Incur Expenditure (AIEs), project summaries, completion certificates, and photographic evidence, have been attached for audit verification.

Committee Observation

1804. The Committee observed that the matter was adequately addressed and resolved.

e) Unresolved Prior Year Matters (Other Matter)

1805. In the audit of the previous year, several issues were raised. Page 33 and 34 of the financial statements on progress of follow up of Auditor's recommendations indicate that prior year observations had been resolved. However, there was no audit evidence provided.

Management Response

1806. Management committed to resolving all outstanding audit recommendations and has instituted measures to ensure timely follow-up and implementation of auditor recommendations. Efforts are ongoing to provide satisfactory explanations and supporting evidence for all prior year audit issues, and management anticipates full resolution during appearance in the Decentralized Funds Account Committee.

Committee Observation

1807. The Committee observed that the Management did not provide sufficient documentation to verify the matter, and the query remained unresolved.

f) Transfers to Other Government Units - Irregular and Unsupported Expenditure

1808. The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflect transfers to other Government units totalling to Kshs.142,070,000, which include an amount of Kshs.80,470,000 disbursed to finance twelve (12) projects in secondary schools in Westlands Constituency. Review of the payment vouchers, projects files, and other records revealed the following: I. The regret letters sent to unsuccessful bidders did not identify the winning bidder, as required by Section 87(3) of the Public Procurement and Asset Disposal Act, 2015. Further, there was no record of delivery of the regret letters, contrary to Section 74 of the procurement law referred to above. II. The contract awards were not published as is

required by Section 138(1) of the Public Procurement and Asset Disposal Act, 2015 which states that "the Accounting Officer of a procuring entity shall publish and publicize all contract awards on their notice board at conspicuous places, and website if available within a period as prescribed". III. There were no appointment letters and minutes in relation to the Inspection and Acceptance Committee, therefore it was not possible to confirm the legality of the committee.

Management Response

1809. Management clarifies that the regret letters to unsuccessful bidders were duly delivered, and the successful bidders were notified via email as required. In addition, Management communicated the contract awards to successful bidders and made the relevant information available for audit review. Further, the appointment letters and minutes for the Inspection and Acceptance Committee have been prepared and availed, confirming the committee's legality and proper constitution. Management also confirmed that all supporting documentation has since been availed for audit verification and committed to continued compliance with the Public Procurement and Asset Disposal Act, 2015, and other relevant regulations in future projects.

Committee Observation

1810. The Committee observed that the matter was adequately addressed and resolved.

g) Irregularities in Project Implementation - High Ridge Girls Secondary School Dormitory

1811. The statement of receipts and payments reflects expenditure of Kshs.142,070,000 under transfers to other Government units, as disclosed under Note 6 to the financial statements. The amount includes Kshs.80,470,000 in respect of transfers to secondary schools. Out of this amount Kshs.20,000,000 was disbursed to High Ridge Girls Secondary School for the construction of a dormitory. Physical verification during the month of March, 2023 revealed that the dormitory was completed and all works done. However, only eight (8) windows of size 3800x1500 high were installed instead of eleven (11) as per the bill of quantities. Further, only two (2) steel doors of size 1800x2400 were installed instead of three (3). In addition, no explanation was provided on how the prime costs and provisional sums amounting to Kshs.7,400,000 were utilized. In the circumstances, it was not possible to confirm that value for money was received in construction of the dormitory.

Management Response

1812. Management clarified that there were eight cubicles; therefore, there were eight (8) windows, and the principal's house within the dormitory had three (3) windows, making the total number of windows eleven (11). The dormitory had two (2) steel doors, and the principal's house had one (1) door, respectively. In addition, the prime and provision costs breakdown has been availed to the auditor for verification. The prime costs of Kshs.7,400,000 comprise of Kshs.5,500,000 set aside in the bill of quantities for the purchase and installation of beds and lockers; the dormitory has been installed with 160 fixed beds, with each cubicle having 10 double-decker beds (20 students per cubicle), and 6 drawers in the principal's house. Kshs.1,045,380 was used for electrical, plumbing, and mechanical works. The project management committee received an administrative allowance of Kshs.250,000, the architect received Kshs.250,000, the quantity surveyor received Kshs.150,000, and the structural engineer received Kshs.200,000 for documentation and supervision.

Committee Observation

1813. The Committee observed that the matter was adequately addressed and resolved.

h) Incomplete Construction Works at Bohra Primary School

1814. The statement of receipts and payments reflects expenditure of Kshs.142,070,000 under transfers to other Government units, as disclosed under Note 6 to the financial statements. The amount includes Kshs.61,600,000 in respect of transfers to primary schools. Out of this amount Kshs.5,350,000 was paid to Bohra Primary School for construction of two (2) classrooms on first floor, two (2) classrooms on second floor and a ramp to completion for a capacity of 100 students. However, physical verification carried out on the projects on 13 March, 2023 revealed that the ramp was not constructed and no reason was provided for the omission. In view of the construction gaps referred to above, it was not possible to confirm that value for money was received in the construction project.

Management Response

1815. Management clarifies that the ramp has since been constructed, and photographic evidence of the completed ramp has been provided to auditors for verification.

Committee Observation

1816. The Committee observed that the matter was adequately addressed and resolved.

i) Unutilized Project Management Committee Funds (Other Matter)

1817. Note 17.4 other important disclosures and as disclosed in Annex 4 to the financial statements reflects Project Management Committee unutilized fund balances, totaling to Kshs.34,401,617. The Management failed to explain why the funds were not returned to the Constituency Main Account, contrary to Section 12(8) of the National Government Constituency Development Fund Act, 2015 which states that "All unutilized funds of the Project Management Committee shall be returned to the constituency account". In the circumstances, Management was in breach of the law.

Management Response

1818. The money belonged to the Fund, and the practice is to roll it over to the subsequent FY 2022/2023.

Committee Observation

1819. The Committee observed that the matter was adequately addressed and resolved.

3.17.7 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Unsupported Project Management Committee Bank Balances

1820. Note 19.4 to the financial statements and as disclosed in Annex 5 reflects Project Management Committee bank balances totalling Kshs.24,331,366 which were not supported with bank balance certificates, expenditure returns and Projects implementation Status reports. In the circumstances, the accuracy of Project Management Committee bank balances totaling Kshs.24,331,366 could not be confirmed.

Management Response

1821. Management clarified that the project files, including supporting bank documentation, were not submitted at the time of the audit but were subsequently provided. The following documents have been made available for audit verification: copies of bank statements, bank balance certificates, and project implementation status reports.

Committee Observation

1822. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance

1823. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.169,361,063 and Kshs.111,273,460 respectively resulting to an under-funding of Kshs.58,087,603 or 35% of the budget. Similarly, the Fund spent a balance of Kshs.91,765,105 against actual receipts of Kshs.111,273,460 resulting to an under-utilization of Kshs.19,508,355 or 17.5%. The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery.

Management Response

1824. The under-receipts and under-expenditure reported during the financial year were mainly attributable to delays in the disbursement of funds from the NG-CDF Board/National Treasury. Consequently, the Constituency Fund could not fully implement the approved projects and programmes within the financial year under review. The funds were subsequently released in the following financial year (FY 2018/2019), and management implemented the affected projects and activities as planned. Supporting documentation, including copies of Authority to Incur Expenditure (AIEs), project summaries, completion certificates, and photographic evidence was provided for audit verification.

Committee Observation

1825. The Committee observed that the matter was adequately addressed and resolved.

c) Irregular Awarding of Bursary

1826. The statement of receipts and payments reflects other grants and transfers amounting to Kshs.27,877,940 as disclosed in Note 8 to the financial statements. This amount includes bursaries to secondary schools and tertiary institutions amounting to Kshs.17,190,000 and Kshs.8,200,000 respectively. However, Management did not provide evidence of formation of the Education Bursary, Mock Examinations and Continuous Assessment Tests Committee whose responsibilities include vetting of applicants. This was in contravention with Regulation 21(3) of the National Government Constituencies Development Fund Regulations, 2016 which provides that a Constituency Committee shall vet all applicants for bursary consideration in accordance with guidelines issued by the Board and every constituency shall establish a Sub-Committee for effective and efficient administration of education bursary schemes, mock examinations and continuous assessment tests. Further, review of records revealed that bursaries amounting to Kshs.7,400,000 were issued on behalf of students whose names could not be traced in the list of applicants and therefore the basis for awarding the bursaries could not be confirmed. In the circumstances, Management was in breach of the law.

Management Response

1827. The NG-CDFC formed ward-level committees to vet and award bursaries because the constituency is in the capital city. The Constituency Bursary Committee was formed to ratify the bursary award; no appointment letters could be found in the file because the committee was ad hoc, and the Sub County Education Officer was invited via WhatsApp. Minutes for ratification of the bursary, with the Sub County Education Officer as a member present, were provided. The beneficiaries list for Kshs. 7,400,000; their schedule was detached in the archive but was later recovered.

Committee Observation

1828. The Committee observed that the matter was adequately addressed and resolved.

CHAPTER FOUR

4.0 EXAMINATION OF REPORTS ON THE AUDITED ACCOUNTS OF THE NG-CDF FOR CONSTITUENCIES IN KAJIADO COUNTY FOR THE FINANCIAL YEARS 2013/2014 TO 2022/2023

1829. The Committee examined fifty (50) reports of the Auditor General for the NG-CDF for Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 for the following five (5) Constituencies in Kajiado County:

(a) Kajiado Central Constituency;

(b) Kajiado East Constituency;

(c) Kajiado North Constituency;

(d) Kajiado South Constituency; and

(e) Kajiado West Constituency.

4.1 Kajiado Central Constituency

1830. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Kajiado Central Constituency for the financial years 2013/2014,2014/2015,2015/2016,2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

4.1.1 Examination of the Reports of the Auditor-General for the FY 2013/2014

a) Bursaries Allocation and Disbursements

1831. The statement of receipts and payments reflects an amount of Kshs.28,634,683 under other grants and transfers, which includes an amount of Kshs.15,469,000 that had been given as bursaries to needy students. Review of the bank reconciliation statement as at year end revealed that cheques amounting to Kshs.534,639 relating to bursaries had not been presented. No reason was given for the delay in presenting the bursary cheques.

Management Response

1832. Management confirmed that the identified cheques were validly issued to specific learning institutions but had not yet cleared in the bank by the balance sheet date. The cheques were subsequently cleared in full shortly after the start of the new financial year. The delay was administrative and outside of the Fund's control, resting with the recipient institutions. The cheques were genuine and valid. The full bank reconciliation statement for the subsequent month shows these funds leaving the account, confirming they were used for the intended purpose.

Committee Observation

1833. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracies in the Financial Statements

1834. The following anomalies were noted in the financial statements for 2013/2014: The significant accounting policies indicate that the figures in the financial statements are rounded to the nearest thousand of shillings whereas the figures presented are actual and not rounded. The accounting policy was therefore not adhered to The notes to the financial statements exclude notes on related party transactions, management risks (financial, market and credit) and do not disclose whether any liabilities exist or not.

Management Response

1835. This was a clerical error during the final preparation phase of the 2013/2014 statements, where the rounding function was not applied correctly. This was purely a presentation issue and did not affect the underlying accuracy or substance of the financial data. The issue was corrected in the 2014/2015 financial statements and all subsequent periods. The format used for the 2013/2014 statements inadvertently omitted specific standardized risk disclosure notes. These disclosures were fully incorporated into the 2013/2014 financial statements, providing comprehensive information on related parties, risk management strategies, and contingent liabilities as required by the Public Sector Accounting Standards.

Committee Observation

1836. The Committee observed that the matter was adequately addressed and resolved.

4.1.2 Examination of the Reports of the Auditor-General for the FY 2014/2015

a) Budget Performance

1837. The statement of receipts and payments reflect total receipts of Kshs.103,509,912 received from CDF Board in 2014/2015 financial year and total expenditure of Kshs.80,763,694 against approved budget of Kshs.106,979,912. The balance of funds brought forward from year 2013/2014 was Kshs.10,702,386.

Table 38: Kajiado Central Constituency, FY 2014/2015 – Budget Performance

Item	Budget	Actual	Absolute Variance	% Variance
Receipts	**Kshs**	**Kshs**	**Kshs**	
AIEs received	106,979,912	103,509,912	3,470,000	3%
Payments				
Compensation of employees	2,571,560	2,454,600	116,960	5%
Use of goods and services	1,70	1,971,099	- 271,098	-16%

Item	Budget	Actual	Absolute Variance	% Variance
	0,000			
Committee expenses	3,194,779	2,219,489	975,290	31%
Transfer to other Government Units	55,650,000	39,200,000	16,450,000	30%
Other grants and other payments	43,835,133	34,890,065	8,945,068	20%
Social security benefits	28,440	28,440	-	0%
Acquisition of Assets	-	-	-	
Other payments	-	-	-	
Total	**106,979,912 106,979,912**	**80,763,694 80,763,694**	**26,216,220 26,216,220**	**25%**

1838. Kajiado Central Constituency had an unspent amount of Kshs.33,448,604 as at 30 June 2015, and no reason was given for the failure by the Fund to apply the funds as budgeted.

Management Response

1839. The variance between receipts and actual expenditure reflects unutilized funds at year-end, due to funds received towards the end of the financial year. The projects were later implemented to completion.

Committee Observation

1840. The Committee observed that the matter was adequately addressed and resolved.

b) Non-Implementation of Projects

Transfers to Other Government Units

1841. The statement of receipts and payments reflect transfers to government units amounting to Kshs.39,200,000 compared to the budget amount of Kshs.55,650,000. An analysis of the approved budget against the actual payments revealed that, 22 projects with an estimated cost of Kshs.16,450,000 had not been implemented despite the funds having been released by the Board as shown below:

Table 39: Kajiado Central Constituency, FY 2014/2015 – Transfers to Other Government Units

	PROJECT TITLE	ACTIVITY	AMOUNT
1	Endoinyio wuas pro. Sch.	Construction of One Classrom	650,000
2	Enku toto	Construction of One Classrom	650,000
3	Esoit	Construction of One Classrom	650,000
4	Bissil Girls Secondary	construction of a dormitory	1,500,000
5	lluanat primary	construction of one classroom	650,000
6	lsilale primary	construction of one dormitory	650,000
7	Karero primary	construction of one classroom	650,000
8	Kisapuk primary	construction of one classroom	650,000
9	Kurtet primary	construction of one classroom	650,000
10	Lesoit primary	construction of one classroom	650,000
11	Lesotet primary	construction of one classroom	650,000
12	Meto primary	construction of one classroom	650,000
13	Nailumbe primary	construction of one classroom	650,000
14	Nendanae	construction of one classroom	650,000

	PROJECT TITLE	ACTIVITY	AMOUNT
15	Nkoile primary	construction of a library	650,000
16	Noirrabal primary	construction of one classroom	650,000
17	Oleleshwa primary	construction of one classroom	650,000
18	Olenarau primary	Renovation of 6 classes &staff quarters	650,000
19	Olepolos primary	construction of one classroom	650,000
20	Oloontulugum primary	construction of one classroom	650,000
21	oloserian primary	construction of one classroom	650,000
22	Olrmatiany	construction of one classroom	650,000
23	Township primary	construction of one classroom	650,000
		TOTAL	**16.450.000**

1842. No reason was given for the failure to implement the projects.

Management Response

1843. The primary reason for the implementation failure was a delay in appointing the Project Management Committees (PMCs) and completing the initial procurement steps at the school level. This administrative bottleneck was resolved, and work commenced shortly after the audit period closed. The funds were held in the Constituency Fund account while schools became "implementation-ready." The money was kept safe in the bank until the projects were ready to start. The Committee managed the variance responsibly to ensure compliance and value for money. Funds were disbursed as soon as the PMCs were operational.

Committee Observation

1844. The Committee observed that the matter was adequately addressed and resolved.

c) Non-Implementation of Projects - Other Grants and Transfers

1845. The statement of receipts and payments reflects an amount of Kshs.34,890,065, under other grants and transfers while the budget amount was Kshs.51,217,892. The under-expenditure of Kshs.16,327,827 was attributed to the following projects:

Table 40: Kajiado Central Constituency, FY 2014/2015 – Non-Implementation of Projects - Other Grants and Transfers

Projects	Amount
	Kshs
Balance b/f (2013/2014 projects)	7,382,759
Kajiado Mills project - Processing plant	2,000,000
Orime Dispensary - Fencing and gate	400,000
Obondero Water tack renovation	650,000
Capacity Building - Training PMCs	400,000
Strategic Plan	2,084,874
Emergency	2,502,259
Bursaries	408,000
Oloropil borehole - Access Road	500,000
	16,327,892

Management Response

1846. Management stated that the reported under-expenditure was not a failure to implement the projects, but the result of strict adherence to the Public Finance Management Act, which requires payments only upon satisfactory completion of specific milestones. For projects such as the Kajiado Milk project and the Strategic Plan, implementation required extended technical consultations and stakeholder engagements. Similarly, the Emergency Fund of Kshs.2,502,259 was held in reserve to address unforeseen contingencies as required by law and was only utilized when genuine emergency cases were subsequently reported and verified. Management has since fully implemented all nine listed project categories. The funds carried forward were applied strictly to their designated purposes in the subsequent financial cycle. All works, including the Orinie Dispensary fencing, Oloondero Water tank renovation, and the Oloropil borehole access road, are now complete and serving the community.

Committee Observation

1847. The Committee observed that the matter was adequately addressed and resolved.

4.1.3 Examination of the Reports of the Auditor-General for the FY 2015/2016

a) Non-submission of Trial Balance

1848. The fund has not provided a trial balance or ledgers to support figures in the financial statements for the year ended 30 June, 2016. In the circumstances, the completeness, accuracy and authenticity of the balances reflected in the financial statements cannot be confirmed.

Management Response

1849. The omission of the trial balance was an oversight. Management has since prepared the Trial Balance and submitted it to the Auditor for review.

Committee Observation

1850. The Committee observed that the matter was adequately addressed and resolved.

b) Presentation and Disclosure

1851. Contrary to the guidelines issued by the Public Sector Accounting Standards Board under section 194 of the Public Finance Management Act, 2012, no disclosures have been made in the financial statements on the progress of resolution of prior matters.No information has been provided in Note 15 to the financial statements on pending accounts payables, pending staff payables and other payables despite of the said accounts reflecting significant balance of Kshs.4,400,000, Kshs.671,150 and Kshs.33,418,605, respectively as at 30 June 2015.An annexure detailing project funded, amounts allocated amount disbursed and unspent funds during the year 2015/2016 has not been attached to the financial statements contrary to section 6(5) of the National Government Development Fund Act, 2015.

1852. The statement of appropriation for the year ended 30 June 2016 reflects budget utilization difference of Kshs.28,635,892 in respect of transfers to other government units. However, no explanation has been provided for the material variance between the approved budget and actual expenditure contrary to the requirements of paragraph 1.9.8 if the International Public Sector Accounting Standards Cash Basis of Accounting Report Framework. Consequently, the financial statements presented for audit are not fully IPSAS Cash Basis compliant.

Management Response

1853. Prior year matters were inadvertently not disclosed in the year under audit. Management has since prepared a comprehensive follow-up report on the prior year matters, which has now been properly disclosed and submitted to the auditor for review. During the audit, we noted that the full amount was not comprehensively disclosed in Note 15 to the financial statements. Management has since prepared and submitted a detailed schedule outlining the accounts payable. Management provided detailed schedules of project funds, amounts allocated, amounts disbursed, and unspent funds for the auditor's review. The budget utilization variance of Kshs.28,635,892 relating to transfers to other government units represents projects that had not been implemented as at the close of the financial year. The Committee prepared and submitted a detailed breakdown of the amount, indicating the specific projects and their respective status, to the auditor for review. Supporting documentation, including Certificates of Completion and photographic evidence for completed projects, has also been provided.

Committee Observation

1854. The Committee observed that the matter was adequately addressed and resolved.

c) Errors and Inconsistencies in the Financial Statements

1855. The following errors and inconsistencies have been noted in the financial statements submitted for audit. Surplus for Kshs.28,635,892 for the year ended 30 June 2016 is incorrectly reflected as a prior year adjustment in the statement of assets. The statement of cash flow reflects an incorrect net cash flow from investing activities of Kshs.28,635,892. The amount has not been included in computing the closing balance for cash equivalents of Kshs.62,084,496. If the amount were to be included, the cash and cash equivalents balance as at 30 June 2016 would have been Kshs.90,690,389 instead of Kshs.62,054,479 now reported. The opening cash and cash equivalent balance of Kshs.33,418,605 in the statement of cash flow for the year ended 30 June 2016 differs from the audited closing balance of Kshs.33,448,605 for the year 2014/2015.The summary statement of appropriation reflects actual payments for the year 2015/2016 of Kshs.121,175,696 which sum differs from total payments of Kshs.85,727,092 reflected in the statement of receipts and payments.

Management Response

1856. Management stated that these discrepancies, specifically the treatment of the Kshs.28,635,892 surplus and the variances in the Statement of Cash Flows, were purely errors in consolidating the financial reports. The misclassification of the surplus as a prior-year adjustment and its subsequent exclusion from the cash flow computation were clerical oversights during the final manual entry of the IPSAS templates. Similarly, the Kshs.30,000 difference in the opening cash balance (Kshs.33,418,605 vs. Kshs.33,448,605) was a transposition error that has since been reconciled against the previous year's audited certificate. The errors were corrected in the subsequent year's financial statement.

Committee Observation

1857. The Committee observed that the matter was adequately addressed and resolved.

d) Compensation of Employees

1858. The fund does not have in place an approved human resource policy, staff establishment and related salary structures. Consequently, there is no objective criteria for staff recruitment, placement and compensation. Further, controls over salary processing are weak as amendment and monthly payrolls are not formally approved. In the circumstances, am unable to confirm validity and propriety of compensation of employee costs amounting to Kshs.3,275,786 for the year under review.

Management Response

1859. During the period under review, the Fund operated in accordance with the standardized Human Resource guidelines and salary structures issued by the National Government Constituencies Development Fund (NG-CDF) Board. All recruitment and staff placements complied with the Board's circulars to ensure transparency, fairness, and objectivity. Regarding payroll controls, Management noted that although some monthly payroll summaries lacked formal approval signatures, all salary payments were supported by valid employment contracts and subjected to internal verification procedures before disbursement. Further, all salary payment vouchers were properly signed and authorized by the Fund Account Manager and the District Accountant, confirming approval of the payments.

Committee Observation

1860. The Committee observed that the matter was adequately addressed and resolved.

e) Cash and Bank Balance

1861. The statement of asset as at 30 June 2017 reflect cash and bank balance as zero and Kshs.61,384,501 respectively. Further as disclosed in Note 12A and 12B to the financial statements, the cash book reflects amount at bank and cash at hand of Kshs.61,384,501 and Kshs.1,547,000 respectively as at that date. The discrepancies between the cash book and the financial statements have not been explained.

Management Response

1862. The cash-in-hand balance of Kshs.1,547,000.00, relating to imprests that remained un-surrendered as at the close of the 2015/2016 financial year, has now been incorporated into the revised financial statements. Further, the previously un-surrendered imprests have since been fully accounted for and surrendered.

Committee Observation

1863. The Committee observed that the matter was adequately addressed and resolved.

f) Stale Cheques

1864. Included in the bank reconciliation statement as at 30 June, 2016 are unpresented cheques amounting to Kshs.2,780,228. Of this amount, cheques totaling Kshs.946,476 were stale. No explanation was provided by management for delay by the Payees to present the cheques for payment or for failure to reverse the stale cheque in the books of account. In the circumstances, I am unable to confirm the accuracy of the reported cash and cash equivalent balance of Kshs.62,084,496 as at 30 June 2016.

Management Response

1865. The unpresented cheques totaling Kshs.2,780,228 related to valid bursary payments issued to various learning institutions. The delay in presentation was due to administrative processes by the respective payees and not to any irregularity in issuance. Of this amount, cheques totaling Kshs.946,476 had become stale as at the audit date and were subsequently identified during a post-audit review. The stale cheques were promptly reversed in the cashbook, and replacement cheques were thereafter issued to the respective beneficiaries in accordance with established financial procedures.

Committee Observation

1866. The Committee observed that the matter was adequately addressed and resolved.

g) Other Grants and Transfer

1867. The statement of receipts and payment reflects other grants and transfers of Kshs.56,224,788 and has disclosed under Note 8 to the financial statements. Included in this amount are bursaries totaling Kshs.31,728,208 out of which expenditure of Kshs.7,149,461 is unsupported. Further, other grants and transfers of Kshs.56,224,788 exclude expenditure of Kshs.800,000 and 400,000 relating to Enkorika cattle Dip and Sajiloni Borehole projects respectively. In the circumstances, the propriety, completeness and accuracy of other grants and transfers of Kshs.56,224,788 for the year ended 30 June, 2016 cannot be confirmed.

Management Response

1868. Unsupported Bursary Expenditure (Kshs.7,149,461) - The amount cited as unsupported relates to bursary disbursements where supporting documents were not readily available at the time of audit due to filing and retrieval challenges. Management has since reconciled bursary records and retrieved the relevant supporting documentation, including bursary application forms, vetting committee minutes, approval lists, acknowledgement receipts from beneficiary institutions, and payment schedules. These documents have since been compiled and submitted to the auditor for verification.

1869. Omission of Kshs.800,000 and Kshs.400,000 (Enkorika Cattle Dip and Sajiloni Borehole Projects) - The amounts relating to Enkorika Cattle Dip (Kshs.800,000) and Sajiloni Borehole Project (Kshs.400,000) were inadvertently omitted from the Other Grants and Transfers balance due to a classification error during preparation of the financial statements. Management has since corrected the classification in the revised financial statements.

Committee Observation

1870. The Committee observed that the matter was adequately addressed and resolved.

h) Transfers to other Government Entities

1871. The statement of the receipts and payment also reflects transfers to other government units of Kshs.15,950,000 relating to primary schools as disclosed under Note 7 to the financial statements. However, included in this amount is Kshs.1,000,000 transferred to Letoire Secondary school which is not primary school. Further, transfers totaling Kshs.5,200,000 made to eight primary schools during 2015/2016 as analyzed below have been excluded from the figure of Kshs.15,950,000 for unexplained reasons:

Table 41: Kajiado Central Constituency, FY 2015/2016 – Transfers to other Government Entities

PV No.	Date Paid	Primary School	Amount	Purpose
16	26-Jan-16	Ilparua	750,000	Classroom construction
17	28-Jan-16	Maisikiria	750,000	Classroom construction
15	28-Jan-16	Ilmolelian	400,000	Teacher`s house completion
13	28-Jan-16	Olmanie	750,000	Classroom construction
14	28-Jan-16	Oloilalei	300,000	Classroom construction
11	28-Jan-16	Olgos	750,000	Classroom construction
12	28-Jan-16	Lele	750,000	Classroom construction
10	28-Jan-16	Paranae	750,000	Classroom construction
Total			**5,200,000**	

1872. In the circumstances, completeness and accuracy of transfers to other government of Kshs.15,950,000 for the year ended 30 June, 2016 cannot be confirmed.

Management Response

1873. The amount of Kshs.1,000,000 relating to Letoire Secondary School was incorrectly classified in the financial statements and has since been adjusted. Additionally, Kshs.5,200,000 was erroneously included under the bursary balance due to a classification error during preparation of the accounts. Management has since reviewed and corrected the classifications in the revised financial statements to ensure accurate presentation and disclosure. The projects in question were fully completed and currently in use.

Committee Observation

1874. The Committee observed that the matter was adequately addressed and resolved.

i) Budgetary Performance (Other Matter)

1875. The statement of receipts and payments reflect total receipts of Kshs.114,362,984 from the National Government Constituency Development Fund (NGCDF) Board for financial year ended 30 June, 2016. The statement also reflect expenditure during the year of Kshs.85,727,092 resulting in under-expenditure of Kshs.28,635,892 or 25%. Consequently,

service delivery to the residents of Kajiado Central has been impacted negatively by continued delay in utilization of the voted funds.

Management Response

1876. The under-expenditure was primarily attributable to implementation delays affecting some approved projects within the financial year. Management acknowledges that delayed utilization of voted funds may have impacted timely service delivery to the residents of Kajiado Central. Measures have since been put in place to strengthen project planning, procurement timelines, and monitoring to ensure timely absorption of allocated funds and improved service delivery going forward. The AIEs were provided to the auditor for review.

Committee Observation

1877. The Committee observed that the matter was adequately addressed and resolved.

j) Unresolved Prior Year Matters - Unimplemented Projects (Other Matter)

1878. As reported 2014/15 financial year, twenty-two projects with estimated cost of Kshs.16,450,000 had not been implemented as at 30 June 2015 despite funds having been released by the fund. Audit inspection carried out during the year under review revealed satisfactory work had been undertaken in fifteen schools. However, Township primary school which had received Kshs.650,000 in 2014/2015 diverted the fund meant for construction of classroom to construction of an administration block. Management has not provided the requisite documentary approvals to divert the funds from the earmarked project. Further, the board during the year under review disbursed an additional Kshs.1,000,000 toward the school's administration projects. Contrary to the prerequisites for labour contracts, bills of quantities, drawing plans and engineer's estimates have not been made available for audit review. Consequently, I am unable to confirm whether the projects will be completed within the contractual timeline and whether value-for-money will be realised from the contract.

Management Response

1879. The request for reallocation, the committee minutes, and the reallocation approval letter were compiled and submitted for audit review. In addition, for Kajiado Township, the Bills of Quantities, drawing plans, and Engineer's estimates have been prepared and made available for the Auditor's examination.

Committee Observation

1880. The Committee observed that the matter was adequately addressed and resolved.

4.1.4 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Inaccuracies in the Financial Statements

1881. The following differences have been noted between comparative figures (2015/2016) reflected in the financial statements for the year ended 30 June 2017 and the balances shown in the audited financial statements for 2015/2016:

Table 42: Kajiado Central Constituency, FY 2016/2017 – Inaccuracies in the Financial Statements

	2015/2016 Comparative Figures Kshs	2015/2016 Audited Balances Kshs	Variance Kshs
Compensation of employees	3,295,786 3,295,786	3,267,346 3,267,346	28,440 28,440
Use of goods & services	9,005,594	2,436,128	6,569,466
Committee expenses	-	6,569,466	(6,569,466)
Social security benefits	-	28,440	(28,440)

1882. However, no disclosures have been made in the notes to the financial statements to the effect that comparative information is restated. In addition, the nature of the error and the respective amounts of the corrections have similarly not been disclosed. The statement of receipts and payments for the year ended 30 June 2017 reflects nil expenditure in respect of acquisition of assets. However, the summary of fixed assets register at the financial statements reflects additions of Kshs.1,995. No explanation has been provided for this anomaly.

Management Response

1883. The variance noted by the auditor arose from a change in the reporting template, in which the current-year Note 4 to the financial statements, Compensation of Employees, includes the social security amount, and Note 5, Use of Goods, includes the amount for compensation of employees and committee expenses. Upon thorough review of the financial records for the period, it was established that this was a clerical classification error. The amount of Kshs.1,995 related to the purchase of a stapler.

Committee Observation

1884. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Performance (Other Matter)

1885. The summary statement of appropriation and the statement of receipts and payments reflect total actual receipts of Kshs.40,948,277 from the National Government Constituency Development Fund (NGCDF) Board for the financial year ended 30 June 2017 against estimated receipts of Kshs.81,896,552. No satisfactory explanation has been provided for the under-receipts of Kshs.40,948,275 or 50%.

Management Response

1886. The under-receipts are amounts not yet received from the board at the end of the financial year. The amounts were received, and the project was completed.

Committee Observation

1887. The Committee observed that the matter was adequately addressed and resolved.

c) Human Resource Management

1888. Although the Fund incurred expenditure totalling Kshs.2,939,198 on compensation of employees during the year under review, it does not have in place an approved human resource policy, staff establishment and related salary structures. Consequently, there is no objective criteria for staff recruitment, appointment, placement, and compensation. Further, the Fund has engaged the services of nine officers who include, one secretary, one accounts assistant, one office messenger, one community liaison officer, one support staff, three security guards and one office assistant. The Fund, however, has not engaged the services of a person with knowledge in construction to assist in project monitoring and works design as provided under Section 43 of the National Government Constituency Development Fund Act, 2015.

Management Response

1889. Management clarified that under Section 45 of the NG-CDF Act, 2015, constituencies must operate within the HR guidelines and salary structures provided centrally by the NG-CDF Board to ensure uniformity across all 290 constituencies. Management has since formally adopted the NG-CDF Board Human Resource Manual and Staff Establishment, which provides objective criteria for recruitment, appointment, and compensation. All nine (9) staff members have since been issued with formal appointment letters and job descriptions aligned with this Board-approved establishment. Regarding the absence of a person with construction knowledge as required by Section 43 of the Act, Management addressed this by engaging the Kajiado Central Sub-County Works Officer from the Department of Public Works and a resident Kajiado Central clerk of works.

Committee Observation

1890. The Committee observed that the matter was adequately addressed and resolved.

d) Project Implementation

1891. During the audit, the following projects were physically verified and observations made as indicated against each project below:

Table 43: Kajiado Central Constituency, FY 2016/2017 – Project Implementation

Project Name	Project Description	Start Date	Expected Completion Date	Budgeted Amount (Kshs)	Actual Amount Spent (Kshs)	% of Comp-letion	Auditor's Brief Comments
Kumpa Chief Office	Construction of Chief's office	1/8/2016	30/6/2017	800,000	800,000	100	project is complete

Project Name	Project Description	Start Date	Expected Completion Date	Budgeted Amount (Kshs)	Actual Amount Spent (Kshs)	% of Comp-letion	Auditor's Brief Comments
AIC Namanga Primary School	Fencing Of School compound	2/12/16	30/6/2017	750,000	750,000	80	Awaiting allocation of more funds to complete
Ngatataek Secondary School	Completion of one classroom	2/12/16	30/6/2017	1,000,000	1,000,000	100	Completed and in use
AIC Girls Boarding Primary School	Construction of one classroom	2/12/2016	30/6/2017	1,000,000	1,000,000	100	project is complete
CID Kajiado Office	Extension of CID office	1/3/2017	30/6/217	600,000	600,000	100	Complete and in use
Kajiado DC Office	Renovation of DC Office	1/3/2017	30/6/2017	700,000	700,000	100	Renovated office is in use use.
Township Primary School	Construction of Administration office	2/12/2016	30/6/2018	1,000,000	1,000,000	65	Project is being funded by both CDF and the Parents. Project is at roofing level

Project Name	Project Description	Start Date	Expected Completion Date	Budgeted Amount (Kshs)	Actual Amount Spent (Kshs)	% of Comp-letion	Auditor's Brief Comments
Kajiado Township Secondary School	Completion of Laboratory	2/12/2016	30/6/2017	1,000,000	1,000,000	100	Complete and in use. Was funded by both parents and CDF.
				6,850,000	**6,850,000**		

Management Response

1892. The only incomplete projects were AIC Namanga and the Kajiado Township Primary Administration Block, which have been completed and are in use.

Committee Observation

1893. The Committee observed that the matter was adequately addressed and resolved.

4.1.5 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Budgetary Performance (Other Matter)

1894. The Statement of Appropriation recurrent and development combined reflects a final budget of Kshs.99,552,101. The fund received Kshs.83,715,893 or 84% of the budgetary allocation but absorbed Kshs.74,806,562 or about 75% resulting to an under absorption of Kshs.24,923,416 or about 25% of the total allocation. Further, out of an allocation of Kshs.46,900,000 and Kshs.37,740,516 in respect of Transfers to other Government units and Other grants and transfers respectively, an amount of Kshs.35,306,897 and Kshs.25,172,950 were disbursed representing an under absorption of 25% and 34% respectively. Failure to utilize funds budgeted for, hinders provision of necessary services to the citizenry.

Management Response

1895. The under-absorption is due to delay in disbursement of funds from the exchequer. The projects were implemented to completion.

Committee Observation

1896. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalents

1897. The management of the fund did not submit monthly bank reconciliation statements to the Auditor-General as required by Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015, which requires Accounting Officers to ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the National Treasury with a copy to the Auditor-General. In the circumstances, the management of National Government Constituencies Development Fund Kajiado Central is in breach of the law.

Management Response

1898. The bank reconciliations were prepared in time as required. The statements have since been provided to the auditor for review.

Committee Observation

1899. The Committee observed that the matter was adequately addressed and resolved.

c) Delay in Implementation of Projects

1900. During the year under review, 53 development projects valued at Kshs.37,279,310 which were to be funded in the financial year 2017/2018 were not implemented. This was due to non-disbursement of funds from the National Government Constituencies Development Fund Board. The delayed disbursement of funds by the board affects the timely implementation of the projects as proposed and approved and hence affecting timely service delivery.

Management Response

1901. The delay in implementing projects was due to delays in disbursement of funds from the exchequer. The projects were implemented to completion.

Committee Observation

1902. The Committee observed that the matter was adequately addressed and resolved.

d) Nkoile Secondary School Laboratory

1903. The statement of Receipts and Payments reflects an amount of Kshs.35,306,897 in respect of transfers to other Government Units and refers to note 6. This includes an amount of Kshs.1,000,000 transferred for the construction of Nkoile Secondary School laboratory. However, a site visit during the month of January 2019 revealed that the laboratory was yet to be completed and there were no expenditure returns to show how the amount was utilized. Further, there was no signed contract agreement and hence it was not clear how the contractor was identified. In the circumstances, it was not possible to ascertain the accountability of the funds transferred, in the absence of proper expenditure returns, contract agreement and or procurement documents.

Management Response

1904. The project has since been completed. Expenditure returns and signed contract agreement have been provided to the auditor for review.

Committee Observation

1905. The Committee observed that the matter was adequately addressed and resolved.

e) Stalled Project - Construction of Dining Hall in AIC Child care primary School

1906. The statement of Receipts and Payments reflects an amount of Kshs.35,306,897 in respect of transfers to other Government Units and detailed at note 6 to the financial statements. This includes an amount of Kshs.1,000,000 transferred to Kajiado AIC childcare primary school for construction of a dining hall. The tender for the construction of the dining hall was awarded to Ms Stoneset Builders and Supplies in the financial year 2013-2014 at a contract price of Kshs.4,686,855. As at the time of audit during the month of February 2019, the project was not complete and the contractor was not in site. A total of Kshs.3,000,000 had been disbursed to the project over the last five (5) financial years but the project management committee did not provide expenditure returns to show how the amount was utilized. In the circumstances, it may not be possible to confirm if resources allocated have been prudently applied. Further, the delay in project implementation impairs government service delivery to the residents thereby denying them the accrued benefits.

Management Response

1907. The project was devolved; hence, any further funding should be from the county government. All allocated funds were utilized as per the approved scope.

Committee Observation

1908. The Committee observed that the matter was adequately addressed and resolved.

f) Construction of Administration block at Enkorika Primary School

1909. The Statement of Receipts and payments reflects an amount of Kshs.35,306,897 in respect of Transfer to other government units. This includes an amount of Kshs.1,000,000 transferred to Enkorika primary school for the construction of an administration block. However, there were no Bills of quantities, contract agreement and expenditure returns to show how the amount was utilized. Consequently, the accountability of the transferred amount of Kshs.1,000,000 cannot be ascertained.

Management Response

1910. The bills of quantities, contract agreement and expenditure returns to show how the amount was utilized were provided to the auditor for review.

Committee Observation

1911. The Committee observed that the matter was adequately addressed and resolved.

g) Staff Establishment

1912. The Statement of Receipts and Payments reflects an amount of Kshs.4,496,153 in respect of compensation of employees and detailed at note 4 to the financial statement. An evaluation of staff establishment revealed that, the fund does not have in place an approved human resource policy, staff establishment and related salary structures. Consequently, there is no objective criteria for staff recruitment, appointment, placement, and compensation of employees. In addition, the Management has engaged staff in various capacities as follows: one secretary, an accounts assistant, one office messenger, one community liaison officer, one support staff, three security guards, one office assistant and one driver. The management however, has not engaged the services of a person with knowledge in Building and construction to assist in project monitoring and works design. In the circumstances, it is not possible to establish whether there are objective criteria in engagement and placement of staff

in the funds establishment. Further, failure to engage an officer with knowledge in Building and construction to assist in project monitoring and works design may be affecting the necessary monitoring and timely delivery of projects in the constituency.

Management Response

1913. Management clarified that, under Section 45 of the NG-CDF Act, 2015, constituencies must operate within the HR guidelines and salary structures provided centrally by the NG-CDF Board to ensure uniformity across all 290 constituencies. Management has since formally adopted the NG-CDF Board Human Resource Manual and Staff Establishment, which provides objective criteria for recruitment, appointment, and compensation. All nine (9) staff members have since been issued with formal appointment letters and job descriptions aligned with this Board-approved establishment. Regarding the absence of a person with construction knowledge as required by Section 43 of the Act, Management addressed this by engaging the Kajiado Central Sub-County Works Officer from the Department of Public Works and a resident Kajiado Central clerk of works.

Committee Observation

1914. The Committee observed that the matter was adequately addressed and resolved.

4.1.6 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Unsupported Grants and Transfers

1915. The statement of receipts and payments reflects other grants and transfers balance of Kshs.45,664,801. Included in the balance and as reflected in Note 7 to the financial statements, are bursary disbursements of Kshs.29,183,000 of which Kshs.21,003,000 was disbursed to secondary schools and Kshs.8,180,000 to tertiary institutions. However, the supporting schedule reflected bursaries of Kshs.17,810,000 resulting into unexplained variance of Kshs.11,373,000. Further, the bursary applications register showing the names of the applicants and their identification details, location of domicile and schools and colleges admitted to was not maintained. It was therefore, not possible to confirm that bursary awards were made fairly and transparently and that they were allocated to the intended beneficiaries.

1916. In addition, as reflected at Note 7 to the financial statements, the other grants and transfers balance, included expenditure of Kshs.1,877,877 on environment which was paid to various suppliers for supply and delivery of seedlings to schools in the Constituency for a tree planting exercise. However, expenditure schedules and supporting documents showing the quantity of seedlings purchased, cost of labour, schools where the trees were planted and other associated costs such as pitting and manuring were not provided for audit. Consequently, the validity and accuracy of the payments of Kshs.45,664,801 relating to other grants and transfers, could not be confirmed.

Management Response

1917. Bursary supporting schedules and the bursary allocations register have been provided to the auditor for review. Further, Expenditure schedules and supporting documents showing the quantity of seedlings purchased, labour costs, schools where the trees were planted, and other associated costs such as pitting and manuring were provided for audit.

Committee Observation

1918. The Committee observed that the matter was adequately addressed and resolved.

b) Unreconciled Variances on Unutilized Funds

1919. The summary statement of appropriation - recurrent and development combined reflects a budget under-utilization of Kshs.73,180,950. However, Note 15.3 to the financial statements, reflects an unutilized funds balance of Kshs.71,688,708 while Annex 3 where the details of the unutilized funds are disclosed, reflects a total unutilized funds balance of Kshs.64,895,506. In the circumstances, the accuracy of the unutilized funds balance as at 30 June, 2019, could not be confirmed.

Management Response

1920. Management confirmed that the actual figure is the amount reflected under Note 15.3 of the financial statements and in the summary statement of appropriation.

Committee Observation

1921. The Committee observed that the matter was adequately addressed and resolved.

c) Inaccurate Receipts Balance on the Summary Statement of Appropriation

1922. The summary statement of appropriation - recurrent and development combined reflects total actual receipts of Kshs.117,871,691 instead of Kshs.117,957,691 thus understating the receipts by Kshs.86,000. In the circumstances, the accuracy of the actual receipts balance, could not be confirmed.

Management Response

1923. The difference is receipts from the sale of tenders; this was considered in subsequent financial years and classified as funds pending approval.

Committee Observation

1924. The Committee observed that the matter was adequately addressed and resolved.

d) Variances between the Comparative Balances and the Audited Balances

1925. The comparative balances reflected in the Fund's financial statements differed with the ones reflected in the 2017/2018 audited financial statements as detailed below:

Table 44: Kajiado Central Constituency, FY 2018/2019 – Variances between the Comparative Balances and the Audited Balances

No.	Item	Financial Statement	Comparative Balances in the 2018/2019 Financial Statements (Kshs.)	Balances in the Audited 2017/2018 Financial Statements (Kshs.)	Variance (Kshs.)
1	Use of Goods and	Statement of Receipts and Payments and	8,140,562	9,540,562	1,400,000

No.	Item	Financial Statement	Comparative Balances in the 2018/2019 Financial Statements (Kshs.)	Balances in the Audited 2017/2018 Financial Statements (Kshs.)	Variance (Kshs.)
	Services	Statement of Cashflows			
2	Other Payments	Statement of Receipts and Payments and Statement of Cashflows	1,400,000	nil	1,400,000
3	Surplus for the year	Statement of Receipts and Payments and Statement of Assets and iabilities	7,724,762	7,902,639	177,877

1926. In the circumstances, the accuracy of the financial statements could not be confirmed.

Management Response

1927. The variance arose from including other payments under use of goods, while the surplus does not represent a variance.

Committee Observation

1928. The Committee observed that the matter was adequately addressed and resolved.

e) Budgetary Control and Performance (Other Matter)

1929. The summary statement of appropriation - recurrent and development combined reflects a final receipts budget and actual receipts on comparable basis of Kshs.172,912,566 and Kshs.117,957,691 respectively resulting into underfunding of Kshs.54,954,876 or 32%. Similarly, the statement reflects a final budgeted expenditure of Kshs.172,912,566 against actual expenditure Kshs.99,731,617 resulting to under absorption of Kshs.73,180,950 or 42%. The under-funding and under-expenditure may have impacted negatively on service delivery to the constituents.

Management Response

1930. The under-funding and under-expenditure were due to delay in disbursement of funds from the exchequer. The funds were received and projects implemented.

Committee Observation

1931. The Committee observed that the matter was adequately addressed and resolved.

f) Failure to Withhold Retention Money for Projects

1932. Examination of contract documents revealed that the Fund Management paid Kshs.53,054,801 to contractors without withholding any retention amounts. Any defects arising would therefore be rectified by the project beneficiaries or the Fund.

Management Response

1933. The contracts were low value and were all successfully completed without any defects arising.

Committee Observation

1934. The Committee observed that the matter was adequately addressed and resolved.

4.1.7 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Unaccounted for Bursaries

1935. The statement of receipts and payments reflects other grants and transfers amounting to Kshs.13,821,025 which includes bursaries issued during the year amounting to Kshs.2,579,800 out of which an amount of Kshs.1,239,800 was paid for students in secondary schools and an amount of Kshs.1,340,000 to tertiary institutions as disclosed in Note 7 to the financial statements. However, the Fund does not have bursary applications register showing identification details of the applicants such as names, location of domicile, schools and colleges where admitted. In the circumstances, the validity and regularity of the bursary expenditure of Kshs.2,579,800 could not be confirmed.

Management Response

1936. Management maintains a bursary issuance policy that guides bursary applications, and Identification details are done at the location level and submitted in the form of minutes.

Committee Observation

1937. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Sports Expenditure

1938. The statement of receipts and payments reflects other grants and transfers amounting to Kshs.13,821,025 as disclosed in Note 7 to the financial statements which includes sports expenditure of Kshs.2,398,500 which further includes an amount of Kshs.1,630,000 spent on sports equipment in support of various sports clubs and an amount of Kshs.768,000 for facilitation of various sporting activities in the constituency. However, records including schedules showing how the sports equipment were distributed were not provided for audit. Further, the criteria for issuing the equipment procured was not defined and therefore it was not possible to confirm whether the equipment amounting to Kshs.1,630,000 were properly distributed. In the circumstances, the validity of the sports expenditure of Kshs.1,630,000 could not be confirmed.

Management Response

1939. Management provided schedules showing how the sports equipment was distributed and the criteria for issuing the procured equipment for review.

Committee Observation

1940. The Committee observed that the matter was adequately addressed and resolved.

c) Inaccurate Fixed Asset Register

1941. Annex 4 to the financial statements under summary of fixed assets register reflects assets with a historical cost balance of Kshs.17,767,174. The assets include land on which the Constituencies Development Fund Office is located. However, the land has not been valued and no value is assigned to it in the financial statements. Motor vehicle with a historical cost of Kshs.4,294,195 is also not included in Annex 4 - summary of fixed asset register. Further, the asset register provided does not include land and buildings contrary to Section 149(2)(o) of the Public Finance Management Act, 2012. In addition, ownership documents of land, building, motor vehicle and machinery were not provided for audit. Consequently, it was not possible to verify and confirm ownership, existence and value of the assets balance of Kshs.17,767,174.

Management Response

1942. Management provided an amended fixed asset register for review. The land on which the office is constructed was donated; hence, it does not have ownership documents.

Committee Observation

1943. The Committee observed that the matter was adequately addressed and resolved.

d) Omission of bank charges in the Financial Statements

1944. The statement of receipts and payments reflects total payments amounting to Kshs.97,705,023 which includes nil bank charges. However, an examination of the bank statements showed that the bank deducted bank charges amounting to Kshs.15,180.00 for commissions and other services rendered to Funds bank account which are not in the financial statements. As a result, the total expenditure and surplus reflected in the statement of receipts and payments are understated and overstated by an amount of Kshs.15,180.00. In the circumstances, the accuracy and completeness of the statement of receipts and payments as prepared and presented could not be confirmed.

Management Response

1945. The Bank Charges have since been recognized as expenses and changes effected accordingly.

Committee Observation

1946. The Committee observed that the matter was adequately addressed and resolved.

e) Unsupported Other Receipts

1947. The statement of receipts and payments reflects other receipts amounting to Kshs.155,000 as disclosed in Note 3 to the financial statements. However, supporting schedules were not provided for audit. In the circumstances, the accuracy and completeness of the other receipts amounting to Kshs.155,000 could not be confirmed.

Management Response

1948. The receipts relate to AIA from the sale of tenders. Management provided supporting schedules for the other receipts for audit review.

Committee Observation

1949. The Committee observed that the matter was adequately addressed and resolved.

f) Budgetary Control and Performance (Other Matter)

1950. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totalling to Kshs.211,027,255 and Kshs.143,421,950 respectively, resulting to an underfunding amounting to Kshs.67,605,305 or 32% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.211,027,255 and Kshs.97,705,023 respectively, resulting to an underperformance amounting to Kshs.113,322,232 or 54% of the budget. The underfunding and under expenditure affected the planned activities and may have impacted negatively on the delivery of services to the residents of Kajiado Central Constituency.

Management Response

1951. The underfunding and under-expenditure were due to delays in fund disbursement. However, the projects were completed.

Committee Observation

1952. The Committee observed that the matter was adequately addressed and resolved.

g) Non-Adherence to Prescribed Format (Basis for Conclusion)

1953. The annual report and financial statements prepared and presented for audit had the following presentation and disclosure errors: The Funds' financial statements front cover page has an inscription Revised Template 30 June, 2020 which is for templates and not financial statements; The table of contents does not include report of the independent auditors and annexes and page 21 is omitted;

1954. The date when the financial statements were signed is not indicated in the financial statements; Note 10A bank balances, Note 10B cash in hand and Note 13 reflects column heading of current year 2019-2020 and (30/6/2019) with a comparative of 2018-2019 and 30/6/2018) instead of 2019/2020 and comparative of 2018/2019; Significant accounting policies under section 11 on budget indicates that the budget was approved in June, 2018 instead of June 2019; Significant accounting policies under section 3 on reporting currency indicates all values are rounded to the nearest Kenya shillings but that is not the case in Note 15.3 and 15.4 to the financial statements; The statement of entity management responsibilities at page 9 indicates the financial year ended on 30 June, 2019 instead of June, 2020. The progress on follow up of auditors' recommendations is not signed by the Accounting Officer. This is contrary to the format prescribed by the Public Sector Accounting Standards Board (PSASB) in accordance with Section 194(1)(d) of the Public Finance Management Act, 2012. Consequently, the annual report and financial statements as prepared and presented are not in the format prescribed by the Public Sector Accounting Standards Board.

Management Response

1955. The anomalies were noted, and management committed to preventing their recurrence.

Committee Observation

1956. The Committee observed that the matter was adequately addressed and resolved.

h) Irregularities on Verified Projects (Basis for Conclusion)

1957. During the year under review, twelve (12) projects with an allocation of Kshs.14,885,378 were verified. However, the following anomalies were noted; i. Poor workmanship. ii. Some works which were factored in the bill of quantities were not done yet the funds are fully utilized. iii. Some projects had not been labelled. iv. Incomplete projects. v. Stalled projects. vi. Procurement documents including tender opening minutes, tender evaluation reports, professional opinion, notification of award letters and acceptance letters for some of the projects were not provided for review. Failure to provide procurement documents in support of the award of the contracts for audit contravenes Section 9(1)(e)(i) of the Public Audit Act, 2015. In the circumstances, the Fund Administrator was in breach of the law. Further, the observations cast doubt on the project supervision undertaken and value for money utilized in the project. In addition, public funds are going to waste on stalled projects which hampers service delivery to the residents.

Management Response

1958. The poor workmanship was noted and corrected within the defect period; all projects were well labelled, and incomplete projects were completed. Management provided further procurement documents to the auditor for review.

Committee Observation

1959. The Committee observed that the matter was adequately addressed and resolved.

4.1.8 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Inaccuracies in the Financial Statements

1960. Review of the financial statements presented for audit revealed the following issues: -As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services amounting to of Kshs.9,253,678. However, review of the supporting schedules reflected an amount of Kshs.9,553,679 resulting to an unexplained variance of Kshs.300,000. Further, review of payment vouchers in respect to the expenditure revealed that an amount of Kshs.3,407,000 under monitoring and evaluation and public participation was not supported by monitoring and evaluation reports, work tickets and the site minutes.

1961. In addition, although the budget execution by sectors and projects reflects the total budget and actual expenditure under emergency projects, the respective programmes under emergency projects have been omitted. Further, review of records provided for audit revealed that AIE forms B126122 and B140558 for transfers of amounts totalling Kshs.7,000,000 and Kshs.12,000,000 respectively, although disclosed in the ledger were not provided for audit. In the circumstances, the validity, accuracy and completeness of the statement of receipts and payments could not be confirmed.

Management Response

1962. The Kshs.300,000 variance was a summation error in the use of goods schedule, which has been rectified. The Committee presented monitoring and evaluation reports and the site minutes to the auditor for review.

Committee Observation

1963. The Committee observed that the matter was adequately addressed and resolved.

b) Unconfirmed Bursary Funding

1964. The statement of receipts and payments reflects other grants and transfers amount of Kshs.93,784,789 as disclosed in Note 7, which includes bursary totalling Kshs.61,079,414 comprising bursary to secondary schools and tertiary institutions of Kshs.23,779,460 and Kshs.37,299,954 respectively, disbursed in the year under review. However, details in respect to the benefiting schools and respective students, dates of payment, cheque numbers and payment voucher numbers were not provided for audit. In addition, the respective minutes approving the bursaries and confirmations of receipts by the respective schools were not provided for verification. Further, the Management issued other grants and transfers amounting to Kshs.93,784,789. This translates to 45% of the total funds hence, exceeding the ceiling of 10% set by the Act. In the circumstances, the accuracy, completeness of other grants and transfers amounting to Kshs.61,079,414 could not be confirmed.

Management Response

1965. Details of the benefiting schools and respective students, dates of payment, cheque numbers, and payment voucher numbers were provided for audit review. The budget was exceeded because of carryover from previous years.

Committee Observation

1966. The Committee observed that the matter was adequately addressed and resolved.

c) Irregular Expenditure on Emergency Projects

1967. The statement of receipts and payments reflects other grants and transfers amount of Kshs.93,784,789 and as disclosed in Note 7 to the financial statements, which includes security projects expenditure amounting to Kshs.11,358,775. Review of records provided revealed that the expenditure includes an amount of Kshs.205,000 and Kshs.240,000 paid vide cheque No.7054 dated 29 January, 2021 and No.8458 dated 8 April, 2021 under cash for office use. However, the nature of emergencies in the expenditures were not provided. In the circumstances, the validity and completeness and regularity of security projects amounting to Kshs.11,358,775 could not be confirmed.

Management Response

1968. The funds were utilized to purchase COVID-19 preventive supplies such as masks and hand sanitisers; the funds were later surrendered in full.

Committee Observation

1969. The Committee observed that the matter was adequately addressed and resolved.

d) Transfers to other government entities

Unaccounted for Transfers to Primary Schools

1970. The statement of receipts and payments reflects transfers to other Government entities amounting to Kshs.36,623,732 and as disclosed in Note 6 to the financial statements. Examination of records provided revealed the following issues:- Included in the transfers to other Government entities amount of Kshs.36,623,732 is transfers to primary schools totalling to Kshs.25,823,732. Although details in respect to the respective schools and amounts received were provided, the specific projects in which the funds relate to and their current status have not been provided. Further, it was noted that from these payments, the Fund paid

provisional sums of Kshs.1,181,000 to various contractors for construction of classrooms, staff quarters and boreholes. However, the provisional sums were not accounted for and the contracts detailing the terms of engagement for construction of the classrooms, staff quarters and boreholes were not provided for audit. Further, it was noted that Nalepo Taegon Primary School had a project account balance of Kshs.852,773 as at 30 June, 2021 but was not reflected in the financial statements in the year under review. Similarly, Oloirimirimi Primary School had a bank balance of Kshs.4,281,140 as at 30 June, 2021 but only Kshs.2,552,000 was indicated as disbursed in the year under review, resulting to an unexplained variance of Kshs.1,729,140.

Management Response

1971. Management confirmed that all recipient schools provided detailed status reports and expenditure returns shortly after the projects' completion. The consolidated schedule of these projects, including their physical completion certificates and status, was compiled and is available for review, confirming full accountability for the funds. Contracts detailing the terms of engagement for construction of the classrooms, staff quarters and boreholes were provided for audit review. Since the project was already done, the Nalepo Project balance was captured under Annex 5 of the financial statement. The variance was a timing difference in reporting and was fully reconciled shortly after 30 June 2021. The completed bank reconciliation for Oloirimirimi Primary School has been on file since the issue was identified, confirming that the exact status of these funds was verified.

Committee Observation

1972. The Committee observed that the matter was adequately addressed and resolved.

e) Unconfirmed Transfers to Secondary Schools

1973. The financial statements reflect transfers to secondary schools totaling Kshs.10,500,000. However, analysis in respect to the projects, cheque numbers, and projects status were not provided for audit. Further the projects contract documents and status reports were not provided for verification. In the circumstances, the validity, completeness, accuracy and value for money for transfers to other Government entities amounting to Kshs.36,623,732 could not be confirmed.

Management Response

1974. Management provided analysis of the projects, cheque numbers, and project status, along with project contract documents and status reports, for audit.

Committee Observation

1975. The Committee observed that the matter was adequately addressed and resolved.

f) Unconfirmed Acquisition of Assets

1976. As disclosed in Note 8 to the financial statements, the statement of receipts and payments reflects acquisition of assets amounting to Kshs.4,735,620. Included in the expenditure is an amount of Kshs.3,000,000 incurred for construction of a perimeter wall within the Kajiado County Constituency Office. However, the procurement records, payment vouchers and other supporting documents for the works undertaken during the year under review were not provided for audit. Further, the Fund Management made a payment of Kshs.600,620 for the refurbishment of the Kajiado Central CDF buildings. However, there was no inspection and

acceptance report to verify if the works were complete and up to standard. In the circumstances, the accuracy, validity and value for money of acquisition of assets amounting to Kshs.4,735,620 could not be confirmed.

Management Response

1977. Inspection and acceptance report, procurement records, payment vouchers and other supporting documents for the works undertaken during the year under review were provided for audit review.

Committee Observation

1978. The Committee observed that the matter was adequately addressed and resolved.

g) Budgetary Control and Performance (Other Matter)

1979. The summary statement of appropriation reflects final expenditure budget and actual on comparable basis of Kshs.254,746,530 and Kshs.148,728,210 respectively resulting to an under-expenditure of Kshs.106,018,320 or 42% of the budget. Similarly, the Fund spent Kshs.148,728,210 against an approved budget of Kshs.254,746,530 resulting to under-expenditure of Kshs.106,018,320 or 42% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1980. The underfunding and underperformance were due to late disbursement of funds from the exchequer.

Committee Observation

1981. The Committee observed that the matter was adequately addressed and resolved.

h) Delay in Project Completion - Security Projects (Basis for Conclusion)

1982. The statement of receipts and payments reflects other grants and transfers amount of Kshs.93,784,789 and as disclosed in Note 7 to the financial statements. Included in the expenditure amounting to Kshs.14,850,000 is in respect to security projects. Review of records provided revealed that, a contract for Ngatataek District Head Quarters was initiated on 27 July, 2020, and a Company awarded the contract for the construction of the district headquarters at a contract sum of Kshs.18,873,908. The Constituency had disbursed an amount of Kshs.13,000,000 towards the project during the year ended 30 June, 2021. However, inspection of the project in the month of May, 2022 revealed that the project had stalled at foundation level and the contractor was not site. An interview with an area Sub-chief revealed that the contractor was last seen on site in the Month of June, 2021. It was also established that the PMC bank Balances did not include any balance in respect to the project as at 30 June, 2021.

1983. Further, three additional projects under security in respect to Nkoile Chiefs Office, Olloiyan Kalani Chief's Office and Olkiliriti Sub Chief's office with amounts of Kshs.500,000, Kshs.500,000 and Kshs.850,000, respectively and earmarked for construction. However, the procurement process was being initiated at the time of the audit in the month of May, 2022 and no reason was provided for the delay. The existence of the amounts disbursed towards the projects could also not be confirmed. In the circumstances, the expenditure of the Kshs.14,850,000 incurred under security projects may not be a proper charge to public funds.

Management Response

1984. All the projects were completed and are currently in use.

Committee Observation

1985. The Committee observed that the matter was adequately addressed and resolved.

i) Non-Implementation of Projects (Basis for Conclusion)

1986. Review of the budget execution by sectors and projects revealed that various projects under other grants and transfers were approved by the board and allocated funds for implementation during the year under review. However, as at 30 June, 2021, twelve (12) projects with an allocation of Kshs.12,552,000 had not been implemented.

Management Response

1987. All the projects were completed and are currently in use

Committee Observation

1988. The Committee observed that the matter was adequately addressed and resolved.

4.1.9 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Budgetary Control and Performance

1989. The summary statement of appropriation reflects final receipt budget of Kshs.243,386,199 and actual amount on comparable basis of Kshs.158,407,918 resulting to a shortfall of Kshs.84,978,281 or 35% of the approved budget. Similarly, the Fund spent Kshs.179,907,498 against budgeted amount of Kshs.243,386,199 resulting to under-expenditure of Kshs.63,478,701 or 26% of the approved budget. The under-funding and under-expenditure affected implementation of the planned activities and programs and impacted negatively on service delivery to the public.

Management Response

1990. The underfunding and underperformance were due to late disbursement of funds from the exchequer.

Committee Observation

1991. The Committee observed that the matter was adequately addressed and resolved.

b) Irregular Management of Bursaries

1992. Note 7 to the financial statements reflects Kshs.63,332,901 in respect of other grants and other transfers out of which, bursary disbursements to secondary schools and tertiary institutions amount of Kshs.24,353,693 and Kshs.18,181,506 totalling to Kshs.42,536,199. However, there was no evidence of having conducted public awareness and approved criteria for vetting and awarding of bursaries. In addition, there were no reports from wards indicating how the beneficiaries were identified. In the circumstances, value for money on the award of bursaries could not be confirmed.

Management Response

1993. Public participation minutes were done, and the bursary was approved and awarded according to the bursary issuance criteria by NG CDFC.

Committee Observation

1994. The Committee observed that the matter was adequately addressed and resolved.

c) Delay in Project Implementation

1995. Review of the project implementation status report revealed that an amount of Kshs.112,532,852 was allocated to one hundred and seven (107) projects. At the time of audit in the month of March, 2023, only sixty-three (63) projects valued at Kshs.71,968,506 were completed while forty-four (44) projects valued at Kshs.40,564,345 were on-going. No satisfactory explanation was provided by the Fund Management for the delay in completion of the projects. In the circumstances, value for money from the ongoing projects allocated Kshs.40,564,345 could not be confirmed.

Management Response

1996. The delay was occasioned by late disbursement of funds from the exchequer. The projects were completed and are currently in use.

Committee Observation

1997. The Committee observed that the matter was adequately addressed and resolved.

d) Irregular Award of Contracts

1998. During the year under review, the procurement of construction works and services was done through request for quotations. However, the list of prequalified suppliers was not provided for audit and there was no procurement plan. This was contrary to Section 45(3)(a) of the Public Procurement and Assets Disposal Act, 2015 which states that all procurement processes shall be within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan. In addition, there was no evidence of professional opinion, and the contracts were not signed. In the circumstances, Management was in breach of the law.

Management Response

1999. The list of prequalified suppliers and procurement plan were presented to the auditor for review.

Committee Observation

2000. The Committee observed that the matter was adequately addressed and resolved.

e) Failure to Report Utilization of Emergency Reserve

2001. Note 7 to the financial statements reflects Kshs.63,332,901 in respect of other grants and other transfers out of which is for emergency projects expenditure of Kshs.7,094,202 which was not reported to the Board. This was contrary to Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which states that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format prescribed by the Board. In the circumstances, Management was in breach of the law.

Management Response

2002. Management provided the emergency report to the Board and to the auditor for review.

Committee Observation

2003. The Committee observed that the matter was adequately addressed and resolved.

4.1.10 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Failure to Surrender Unutilized Project Management Committee Balances

2004. Note 19.4 and Annex 5 to the financial statements reflect PMC closing Kshs.34,728,488. The amount includes Kshs.12,968,488 for completed projects which were not transferred back to Constituency Account. In the circumstances, the accuracy and completeness of the project Management committee balances of Kshs.34,728,488 could not be confirmed.

Management Response

2005. The process of having the PMC unutilized balances returned to the main account has been initiated.

Committee Observation

2006. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Control and Performance (Emphasis of Matters)

2007. The summary statement of appropriation reflects final receipts budget and actual on a comparable basis of Kshs.214,174,648 and Kshs.110,738,204 respectively, resulting to an under-funding of Kshs.103,436,444 or 48% of the budget. Similarly, the fund spent Kshs.82,344,551 against actual receipts of Kshs.110,738,204 resulting to an under-utilization of Kshs.28,393,653 or 26%. The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2008. The under-Utilization was due to late disbursement of Funds from the Exchequer.

Committee Observation

2009. The Committee observed that the matter was adequately addressed and resolved.

c) Unresolved Prior Year Matters (Other Matters)

2010. In the audit report of the previous year, several issues were raised under the report on financial statement and report on lawfulness in use of public resources. However, Management has not resolved the issue or explanation for failure resolve them.

Management Response

2011. The management was awaiting invitation to appear before Decentralized Funds Committee to resolve the matter.

Committee Observation

2012. The Committee observed that prior year matters were resolved by the Accounting Officer after submitting relevant documentation to the Office of the Auditor-General, and the matter was resolved.

4.2 Kajiado East Constituency

2013. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Kajiado East Constituency for the financial years 2013/2014,2014/2015,2015/2016,2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

4.2.1 Examination of the Reports of the Auditor-General for the FY 2013/2014

a) Acquisition of Assets

2014. The statement of receipts and payments reflects acquisition of assets figure of Kshs.4,937,272 for the year ended 30 June 2014. This figure includes the purchase of other office equipment of Kshs.165,000 which was not supported with any documentary evidence. Consequently, the accuracy of the acquisition of assets figure of Kshs.4,937,272 for the year ended 30 June 2014 could not be confirmed.

Management Response

2015. Management acknowledges the audit observation that the acquisition of assets balance of Kshs. 4,937,272 included expenditures of Kshs. 165,000 for the purchase of other office equipment, which was not supported by the required documentary evidence at the time of audit. This arose from weaknesses in document filing and records management, where supporting documents were misplaced. The payment voucher supporting the purchase and S13, which was used to receive the office equipment, have since been availed for audit review.

Committee Observation

2016. The Committee observed that the matter was adequately addressed and resolved.

b) Other Grants and Transfers

2017. The statement of receipts and payments reflects other grants and transfers figure of Kshs.8,520,827 for the year ended 30 June 2014. This figure includes the cost of strategic planning of Kshs.1,000,000 which was not supported with any documentary evidence.Consequently, the accuracy of the other grants transfer figure of Kshs.8,520,827 for the year ended 30 June 2014 could not be confirmed.

Management Response

2018. Management acknowledged the audit observation that the Other Grants and Transfers balance of Kshs. 8,520,827 included expenditure of Kshs. 1,000,000 incurred on strategic planning, which was not supported by documentary evidence at the time of audit. This arose from weaknesses in document filing and records management, which led to supporting documents being misplaced. Management is committed to strengthening documentation and accountability procedures for all grants and transfer-related expenditures. However, the payment voucher supporting the expenditure on the strategic plan has been provided to the auditor for review, including administration expenses during preparation and logistics during public participation and the launch of the strategic plan, as per the schedule provided.

Committee Observation

2019. The Committee observed that the matter was adequately addressed and resolved.

c) Late Disbursement of Funds

2020. The statement of receipts and payments reflects total receipts of Kshs.35,409,585 from the Constituencies Development Fund Board. These amounts were received late in the year where the last tranche of Kshs.33,109,585 was released by the NG-CDF Board on 28 February 2014, which left a period of four months to carry out budgeted projects. Late disbursement of funds affects the implementation of projects.

Management Response

2021. The delay in disbursement arose from delays in fund releases at the CDF board level, which were beyond the Fund's direct control. However, management recognized that late receipt of funds affects project planning, procurement timelines, and overall budget absorption. All projects were implemented in the subsequent financial year and are complete and in use.

Committee Observation

2022. The Committee observed that the matter was adequately addressed and resolved.

d) Inaccuracies in the Financial Statements

2023. The following anomalies were noted in the financial statements under review: -The page numbers in the table of contents is incorrectly numbered. Some pages in the financial statements are incorrectly numbered while others do not have page numbers. The note numbers to the financial statements indicated in the statement of receipts and payments and those in the statement of financial assets and liabilities do not tally with the note numbers indicated in the notes. The statement of receipts and payments incorrectly indicate that there were transfers from the Constituency Development Fund Board amounting to Kshs.35,409,585 during the financial year 2012/2013 which was not the case as there were no comparatives. Note number 6 was left out from the financial statement. Most pages of the financial statements do not indicate the name of the fund at the headers and the kind of report and the financial year.

2024. Some pages of the financial statements indicate that the figures are rounded to the nearest thousand of shillings whereas the figures used to prepare the accounts are not rounded off. The financial statements do not include the statement of cash flows. Under the circumstances, the accuracy of the financial statements for the year ended 30 June 2014 could not be confirmed.

Management Response

2025. Management acknowledged the audit observations regarding multiple inaccuracies and presentation inconsistencies in the financial statements for the year ended 30 June 2014. These included errors in page numbering, inconsistent note referencing, omission of Note 6, missing headers, incorrect disclosure of comparative transfers, inconsistent rounding disclosures, and omission of the Statement of Cash Flows. These anomalies arose from weaknesses in financial statement compilation. Management recognized that such errors affect the accuracy, completeness, presentation, and compliance of the financial statements with the format prescribed by the Public Sector Accounting Standards Board (PSASB). Management committed to strengthening the financial reporting process to ensure that future financial statements are complete, accurate, and fully compliant with applicable reporting standards.

Committee Observation

2026. The Committee observed that the matter was adequately addressed and resolved.

4.2.2 Examination of the Reports of the Auditor-General for the FY 2014/2015

a) Un-budgeted Expenditure

2027. The statement of receipts and payments reflects Kshs.41,120,690 under transfer to other government entities and an amount of Kshs.33,730,793 under other grants and other payments respectively. Included in these amounts are 3 projects with a value of Kshs.6,482,758 implemented in 2014/15, which were funded by the Kajiado East CDF Committee although they were not budgeted for nor approved by the Board as shown:-

Table 45: Kajiado East Constituency, FY 2014/2015 – Un-budgeted Expenditure

Project Name	Amount Disbursed Kshs.
Olooltepes Dam	2,000,000
Mashuuru Dispensary	2,241,379
Osarai Dispensary	2,241,379
Total	**6,482,758**

2028. No reason was given for this breach of regulations by the CDF Committee. In addition, the statement of receipts and payments reflect an amount of Kshs.6,425,328 under acquisition of assets, which include an amount of Kshs.2,150,000 disbursed to a Project Management Committee (PMC) by the Constituency Development Fund Committee (CDFC) for the purchase of one CDF computer, one laptop and office furniture and equipment which had an approved budget of Kshs.2,000,000 thus resulting in over expenditure of Kshs.150,000 that had not been approved by the Board. Further no expenditure returns or other documents were made available to confirm the existence and eligibility of this expenditure and to confirm whether the items were delivered to the CDF.

Management Response

2029. The projects were funded in the previous financial year 2014/2015 as per the code list, and they are complete and in use. Management clarified that Ksh. 150,000 was voted under the monitoring and evaluation vote head for the purchase of one computer and one laptop. This was approved by CDFC minutes reference number 02/02/2014 provided to the auditor for verification.

Committee Observation

2030. The Committee observed that the matter was adequately addressed and resolved.

Other Matter

b) Budget and Budgetary Controls

2031. The summary statement of appropriation reflects receipts from CDF board totaling Kshs.86,655,537 against the budget amount of Kshs.139,205,310. The Fund had a positive opening balance of Kshs.12,334,616 making total available funds of Kshs.98,990,153 or

about 71% of the budget. However, out of the Kshs.98,990,153 available funds, the Fund utilized Kshs.92,029,513 or about 93% as detailed below:-

Table 46: Kajiado East Constituency, FY 2014/2015 – Budget and Budgetary Controls

Item	Budget	Actual	Absolute Variance	% Variance
Receipts	**Kshs**	**Kshs**	**Kshs**	
AIEs received	139,205,309	86,655,537	52,549,772	38%
Payments				
Compensation of employees	1,122,566	867,816	254,750	23%
Use of goods and services	7,300,910	7,272,353	28,557	0%
Committee expenses	3,493,781	2,565,960	927,821	27%
Transfer to other Government Units	44,016,773	41,120,690	2,896,083	7%
Other grants and transfers	59,531,051	33,730,793	25,800,258	43%
Social security benefits	34,560	46,572	(12,012)	-35%
Acquisition of Assets	11,000,000	6,425,328	4,574,672	42%
Other payments	12,705,668	-	12,705,668	100%
	139,205,309	**92,029,512**	**47,175,797**	**34%**

2032. In addition, the statement of receipts and payments reflects total receipts of Kshs.86,655,537 received from the CDF Board in 2014/2015 financial year, which includes an AIE of Kshs.35,109,585 disbursed by the Board on 17 October 2014 to fund 2013/2014 projects within the Constituency in 2014/2015. Effectively, only Kshs.51,545,951 in respect of the 2014/2015 budget proposal was disbursed by the Board to the Kajiado East CDF Committee, while the approved budget, as reflected by documents maintained by the CDF Board, amounted to Kshs.100,430,316, thus resulting in underfunding of Kshs.48,884,365 representing 43% of the total budget. No reason was given for this under-funding.

Management Response

2033. The Underfunding was occasioned by late disbursement of funds from the exchequer. The projects were later completed and are currently in use.

Committee Observation

2034. The Committee observed that the matter was adequately addressed and resolved.

c) Accuracy of Data on Budget

2035. The summary statement of appropriation reflects a budget of Kshs.139,205,310, while the project proposal document with the CDF Board shows an amount of Kshs.100,430,316 resulting to a difference of Kshs.38,774,993 as shown below:-

Table 47: Kajiado East Constituency, FY 2014/2015 – Accuracy of Data on Budget

Compensation of employees	**1,122,566**	**1,460,000**	**(337,434)**
Use of goods and services	7,300,910	2,697,566	4,603,344
Committee expenses	3,493,781	4,250,000	(756,219)
Transfers to other Govt. Units	44,016,773	46,150,000	(2,133,227)
Other grants and transfers	59,531,051	33,500,259	26,030,792
Social Security benefits	34,560	34,560	
Acquisition of Assets	11,000,000	11,000,000	
Other payments	12,705,668	1,337,931	11,367,737
	139,205,309	**100,430,316**	**38,774,993**

2036. No reason was given for the variance of Kshs.38,774,993 between the budget figures as reflected in the summary statement of appropriation and the documents held by the CDF Board on the same. In addition, the documents availed for audit reflected a budget of Kshs.90,430,316, which differed with the final budget figure of Kshs.139,205,309 by Kshs.48,774,993. No supporting documentation or explanation was provided for the variance.

Management Response

2037. The Management stated that the amount in question was Ksh. 48,774,993 in the adjustment column of appropriation and not 38,774,993 as per the auditor's observation. This figure is a component of the cashbook balance, with an opening balance of Ksh. 12,334,616 and amounts owing from the Board of Ksh. 36,440,377, as per the cashbook extract, and a copy of the summary statement of appropriation supporting the figure has been availed to the auditor for review.

Committee Observation

2038. The Committee observed that the matter was adequately addressed and resolved.

d) Implementation of Projects

2039. The statement of receipts and payments reflects an amount of Kshs.46,150,000 and Kshs.33,500,259 under transfers to other government units and other grants and transfers respectively. The following was observed in respect to these two expenditure categories:-The CDF Board, in the year under review, did not disburse an amount totaling to Kshs.5,800,000 to Kajiado East CDF Committee for the implementation of 12 projects which had been budgeted for and approved by the CDF Board as shown below:-

Table 48: Kajiado East Constituency, FY 2014/2015 – Implementation of Projects

	Name of project	Activity	Approved budget Kshs
1	Noonkopir AP line	Roofing, plastering, keying and painting of the post block	1,000,000
2	Kimalat security lighting	Election of a security light mast	1,000,000
3	Poka/Kenyawa Ward	Purchase and planting of trees and supporting equipment for the tree projects	380,000
4	Oloosirkin/Sholinke Ward	Purchase and planting of trees and supporting equipment for the tree projects	380,000
5	Kaputiei North Ward	Purchase and planting of trees and supporting equipment for the tree projects	380,000
6	llmaroro Ward	Purchase and planting of trees and supporting equipment for the tree projects	380,000
7	Kitengela Ward	Purchase and planting of trees and supporting equipment for the tree projects	380,000
8	Poka/Kenyawa Ward	Purchase of sporting equipment, wear and trophies for sports clubs	380,000
9	Oloosirkon/Sholink e Ward	Purchase of sporting equipment, wear and trophies for sports clubs	380,000
10	Kaputiei North Ward	Purchase of sporting equipment, wear and trophies for sports clubs	380,000
11	llmaroro Ward	Purchase of sporting equipment, wear and trophies to sports clubs	380,000
12	Kitengela ward	Purchase of sporting equipment, wear and trophies for sports clubs	380,000
	TOTAL		**5,800,000**

2040. Consequently, projects meant to be implemented in 2014/2015 financial year could not takeoff due to under funding by the Board. No reason was given for the failure to fund the projects as per the approved budget.During the period under review, four (4) projects were underfunded with an amount of Kshs.9,000,000 as shown below:-

Table 49: Kajiado East Constituency, FY 2014/2015 – Implementation of Projects

Project name	Project activity	Approved Budget	Amount Disbursed 3,000,000	Under funding 4,000,000
Bursary secondary schools	Bursary award to needy and bright students	7,000,000		
Bursary Tertiary institutions	Bursary award to needy and bright students	7,000,000	3,000,000	4,000,000
Naserian Dispensary	Construction of a dispensary block	1,500,000	1,000,000	500,000
Oloolteipes Dispensary	Construction of a dispensary block	1,500,000	1,000,000	500,000
Total		**17,000,000**	**8,000,000**	**9,000,000**

Management Response

2041. The non-disbursement and underfunding arose from funding constraints at the CDF Board level, which were beyond the Constituency Committee's direct control. As a result, some projects planned for the financial year could not commence, while others were implemented in phases based on funds received. Management recognised that these funding variances affect timely project implementation and service delivery to the community. The remaining funds were disbursed to the respective project management committees, and all the projects are complete and in use. Management stated that the Naserian Dispensary and Oloolteipes Dispensary allocated Ksh. 1,500,000 during financial year 2014/2015, of which Ksh. 1,500,000 was disbursed to the PMC of both projects.

Committee Observation

2042. The Committee observed that the matter was adequately addressed and resolved.

4.2.3 Examination of the Reports of the Auditor-General for the FY 2015/2016

a) Heading and Accuracy of Financial Statements

2043. The financial statements prepared and submitted on pages 9 and 10, namely statement of cash flows and statement of comparison of budget and actual amounts have not been properly identified and headed. In addition, the statement of financial assets on page 8 reflects net liabilities instead of net financial position of Kshs.19,472,196 as represented by the Fund balance brought forward of Kshs.6,961,639 and surplus for the year of Kshs.12,510,557.

Management Response

2044. Management noted the clerical error in the identification and heading of pages and commits to avoid it in the future. The template issued during the year reflected net liabilities instead of net financial position; the template has since been amended to correctly reflect net financial position in subsequent years.

Committee Observation

2045. The Committee observed that the matter was adequately addressed and resolved.

b) Bank Balance

2046. The statement of financial assets reflects a bank balance of Kshs.19,192,617 as at 30 June 2016. Bank reconciliation statement in support of the balance shows unpresented cheques amounting to Kshs.8,859,314. The unpresented cheques include stale cheques totalling Kshs.3,211,734 and which are yet to be reversed in the books of account. No reasons have been provided for failure by the payees to present the cheques for payment. In the circumstances, the bank balance of Kshs.19,192,617 as of 30 June 2016 is not fairly stated.

Management Response

2047. The situation arose from inadequate follow-up on long-outstanding cheques and delays in conducting periodic reviews of the bank reconciliation statements. Management recognized that failing to promptly reverse stale cheques and investigate long-outstanding items misstates the bank balance and weakens the reliability of financial records. All the stale cheques have since been reversed and replaced. Management committed to strengthening bank reconciliation procedures and ensuring timely resolution of all reconciling items.

Committee Observation

2048. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Performance and Disclosures

2049. Contrary to the requirements of Paragraph 1.9.8(c) of International Public Sector Accounting Standards Financial Reporting Framework under Cash Basis of Accounting, no disclosures have been provided by way of notes to explain material differences between the budget and actual amounts as detailed below:-

Under Funding

2050. The statement of comparison of budget and actual amounts on page 10 reflects budgeted and actual receipts of Kshs.163,544,605 and Kshs.103,215,158, respectively for the year ended 30 June 2016. The resultant underfunding of Kshs.60,329,447 or 37% has not been explained.

Under-expenditure

2051. The reported under-expenditure on four items as analyzed below has similarly not been explained.

Table 50: Kajiado East Constituency, FY 2015/2016 – Under-expenditure

Item	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	% Variance
Compensation of employees	2,094,560	935,567	1,158,993	55%
Use of goods and services	7,475,440	7,166,784	308,656	4%
Transfer to other Government Units	37,700,000	23,600,000	14,100,000	37%
Other grants and other payments	50,467,647	47,800,000	2,667,647	5%

Item	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	% Variance
Total	**97,737,647**	**79,502,351**	**18,235,296**	19%

Over-expenditure

2052. The over expenditure of Kshs.3,072,089 on acquisition of assets as analyzed below has also not been explained.

Table 51: Kajiado East Constituency, FY 2015/2016 – Over-expenditure

Item	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	% Variance
Acquisition of Assets	8,130,161	11,202,250	-3,072,089	-38%
Total	**8,130,161**	**11,202,250**	**-3,072,089**	-38%

Management Response

2053. The under-funding and under-expenditure were due to delayed disbursement of funds; however, the funds were received, and projects were completed. Further, the overfunding on assets was not actually overfunding but the utilisation of previous years' balances for the acquisition of assets. Management clarified that the true position of the budget allocation and expenditure for the acquizition of assets was Ksh.8,130,161, as per the payment voucher.

Committee Observation

2054. The Committee observed that the matter was adequately addressed and resolved.

4.2.4 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Presentation of the Financial Statements

2055. The following presentation and disclosure issues have been noted in the financial statements: The financial statements presented for audit have no clear page numbers and are, therefore, not properly identified. In addition, the statement of financial assets reflects net liabilities instead of net financial position of Kshs.11,011,833 as represented by the fund balance brought forward of Kshs.19,472,196 and deficit for the year of Kshs.8,460,363. The chairman has indicated in his statement that the fund utilized Kshs.15,000,000 on bursaries whereas Note 7 to the financial statements shows that an amount of Kshs.13,152,720 was used thus resulting in a difference of Kshs.1,847,280.

2056. Format of numbering in the Notes to the financial statements is not consistent with the referencing used in the main body of the financial statements. In the statement of receipts and payments, for instance, reference to transfers from CDF board AIEs' received is made to Note 1. However, the item in the notes is under Note 1. Transfers from other government entities. The financial statements have therefore not complied with the presentation guidelines issued by the Public Sector Accounting Standards Board.

Management Response

2057. The template provided in the year reflected net liabilities instead of net financial position; however, the template has since been amended to reflect the correct position. The bursary amount in the chairman's report was a clerical error, and management confirmed the actual bursary amount as reflected in Note 7. The Committee noted the page-numbering issue, and management commits to avoiding it in the future.

Committee Observation

2058. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracies in the Financial Statements

2059. The statement of receipts and payments reflects compensation of employee's figure of Kshs.1,488,230 and refers to Note 4. However, the Note has a balance of Kshs.1,499,750 leading to unexplained variance of Kshs.11,520. Other grants and transfers balance in the statement of receipts and payments is reflected as Kshs.27,988,363 and referred to Note 7 but the Note reflects Kshs.27,708,784 resulting in a variance of Kshs.279,579. Some comparative balances in the statement of receipts and payments vary from those reflected in the previous audited financial statements as shown below:

Table 52: Kajiado East Constituency, FY 2016/2017 – Inaccuracies in the Financial Statements

	Comparative Figure Reflected in 2016/2017 Financial Statements	Balance as per the Audited Accounts 2015/2016)	Variance
	Kshs	**Kshs**	**Kshs**
Compensation of employees	903,764	935,567	(31,803)
Use of goods and services	7,198,587	7,166,784	(31,803)
Transfers to Other Government Units	13,600,000	23,600,000	10,000,000
Other Payments	10,000,000	-	(10,000,000)

2060. The statement of assets reflects outstanding imprests balance of Kshs.3,504,709 and refers to Note 11. The note however does not show any balance. The cash flows statement reflects cash and cash equivalents at the end of year of Kshs.7,507,124 but the same cast to Kshs.5,981,682 resulting in a variance of Kshs.1,525,442. Further, the statement reflects cash and cash equivalents balance of Kshs.19,472,196 at the beginning of the year whereas the comparative column reflects Kshs.19,192,617 as the closing balance for the previous financial year leading to unexplained variance of Kshs.279,579. The trial balance as at 30 June 2017 reflects an item described as prior year adjustments of Kshs.279,579. However, and the item has not been presented in the financial statements. The adjustments column of the summary statement of appropriation cast to Kshs.73,651,370 but is shown as Kshs.72,060,422 resulting in a casting error of Kshs.1,590,948. The final budget under total payments is reflected as Kshs.153,956,975 instead of Kshs.155,547,923.

Management Response

2061. Management acknowledged the variances noted in the financial statements for the year ended 30 June 2017. The discrepancies arose from data entry errors, misclassification of transactions, and incomplete reconciliation of prior-year balances. Indeed, an imprest remained outstanding at year-end, but it was not reflected in Note 11 due to an omission during transfer from Excel. Management confirmed that the imprest was fully surrendered in the subsequent year. Management acknowledges the variance of Kshs.46,760 between Note 4 and the supporting schedule for compensation of employees. Management has initiated a review to reconcile the payroll records with the ledger and will ensure that all future disclosures agree with the supporting schedules and payroll reports. Management is committed to correcting the identified errors and ensuring compliance with financial reporting standards. Management stated that the payment schedule was ksh.1,499,750 and not 1,546,510 as per auditor observation. The variance arose because cheques for statutory deductions were reversed and replaced in the cashbook.

Committee Observation

2062. The Committee observed that the matter was adequately addressed and resolved.

c) Compensation of Employees

2063. The statement of receipts and payments reflects expenditure of Kshs. 1,499,750 for employee compensation. The expenditure includes payments of Kshs.91,890 and Kshs.93,143 to National Hospital Insurance Fund and the National Social Security Fund, respectively as penalties for late payment of staff contributions to the two statutory bodies, as shown below:

Table 53: Kajiado East Constituency, FY 2016/2017 – Compensation of Employees

Date	PV No.	Payee	Details	Amount
				Kshs
20/12/2016	3915	N.H.IF.	Late contributions July 2015-September 2016	66,490
07/10/2016	2868	N.H.IF.	Late contributions Dates not specified	25,400
25/12/2016	3916	N.S.S.F.	Late contributions May 2016-October 2016	13,522
07/10/2016	2799	N.S.S.F.	Late contributions -Dates not specified	79,621
				185,033

2064. Consequently, it is not possible to ascertain whether any value accrued to the public as a result of use of the amount of Kshs.185,033 to pay penalties.

Management Response

2065. Management acknowledged that penalties amounting to Kshs.185,033 were incurred due to delayed remittance of statutory deductions to NHIF and NSSF. The delays were occasioned by cash flow constraints and administrative lapses during the period under review. Measures have since been put in place to ensure that all statutory deductions are remitted promptly,

compliance with statutory remittance deadlines. Management committed to preventing recurrence and safeguarding public funds from avoidable penalties.

Committee Observation

2066. The Committee observed that the matter was adequately addressed and resolved.

d) Transfer to Other Government Units

2067. The statement of receipts and payments reflects an amount of Kshs.56,500,000 under transfers to other government units and comprises Kshs.52,500,000 transferred to primary schools and Kshs.4,000,000 to secondary schools as disclosed in Note 6 to the financial statements. However, the expenditure schedule reflects a total figure of Kshs.45,600,000 comprising Kshs.38,600,000 for primary schools and Kshs.7,000,000 for secondary schools. The resulting variance of Kshs.10,900,000 as detailed below has not been explained:

Table 54: Kajiado East Constituency, FY 2016/2017 – Transfer to Other Government Units

	Financial statements Figure	Supporting Schedule	Variance
	Kshs	**Kshs**	**Kshs**
Transfers to primary schools	52,500,000	38,600,000	13,900,000
Transfers to Secondary schools	4,000,000	7,000,000	(3,000,000)
	56,500,000	45,600,000	10,900,000

2068. Analysis of the cash book and bank statements revealed that the following schools received funding but this information has not been captured in the expenditure schedule:

Table 55: Kajiado East Constituency, FY 2016/2017 – Transfer to Other Government Units

	Name of school	Cheque No.	Amount Kshs
1	Kaptiei Secondary School	2823	1,000,000
2	Athi River GK Prison primary school	4519	4,000,000
3	Mashuru Primary school	4538	2,000,000
4	Noompopong Primary school	4528	1,500,000
	Total		**8,500,000**

2069. Further, the expenditure schedule indicate that Tipatet Emakoko Primary School was issued with a Cheque No. 4528 for Kshs.1,000,000 whereas the bank statement indicates that the Cheque in question was for Kshs.1,500,000 paid to Noompopong primary school. In addition, Athi River G.K Primary school was issued with Kshs.4,000,000 for reroofing of eight class rooms. However, a site visit to the school revealed that only four class rooms were renovated. The Project Management Committee did not provide Bills of Quantities and expenditure returns to show how the money was utilized. It was also not explained how the contractor was identified and how the scope of work changed from renovation of eight class rooms to four

class rooms. In the circumstances, the propriety and accuracy of transfers to other government units of Kshs.56,500,000 cannot be confirmed.

Management Response

2070. Management clarified that the financial statement figure is the correct position of expenditure Ksh.52,500,000 for primary institution and Ksh.4,000,000. The expenditure schedules have been provided for audit review. Management acknowledged that the payments were made but were wrongly misclassified in the expenditure return. Management initiated a review to ensure all disbursements are properly captured and supporting documentation is filed appropriately. Management clarified that cheque number 4528 was processed for Noompopong Primary School for KSh 1,500,000, not Tipatet Emakoko Primary, as the auditor noted. This is evidenced by the cashbook extract, which clearly shows the project in question. Management followed up with the affected PMCs to obtain missing expenditure returns, Bills of Quantities, and other supporting documentation, and to clarify issues relating to project scope and contractor engagement. The approved code list was for renovating 4 classrooms, not reroofing 8 classrooms. The Committee provided the auditor with Bills of Quantities, expenditure returns, and evaluation committee minutes on contractor identification for review. The reroofing was done to completion.

Committee Observation

2071. The Committee observed that the matter was adequately addressed and resolved.

e) Other Grants and Transfers

2072. The statement of receipts and payments reflects an amount of Kshs.27,988,363 under other grants and transfers. As disclosed at Note 7 to the financial statements, amounts of Kshs.3,656,064 and Kshs.2,100,000 were used on sports and environment, respectively. However, cashbook analysis and payment details provided for audit indicates that the Kajiado East Constituency Development Fund Committee (CDFC) disbursed Kshs.3,656,034 to Kajiado East Constituency Environment Project Management Committee (PMC) to be used on tree planting and purchase of sporting equipment. Further, expenditure returns and other records to support this expenditure have not been provided for audit review. As shown under Note 7 to the financial statements, the expenditure of Kshs.27,988,363 on other grants includes Kshs.13,152,720 and Kshs.4,000,000 in respect of bursaries and security, respectively. Details of payments vouchers presented for audit indicates that payments made amounted to Kshs.7,567,000 and Kshs.6,000,000 for the two items respectively.

2073. In addition, an amount of Kshs.4,800,000 was paid under emergency out of which Kshs.300,000 was paid to Ketoora Primary School Project Management Committee to finance the completion of a stalled project. However, the expenditure did not qualify to be financed from emergency funds since it did not meet the criteria set in section 8(3) of the National Government Constituencies Development Fund Act, 2015.In the circumstances, the propriety and accuracy of other grants and transfer expenditure of Kshs.27,988,363 for the year ended 30 June 2017 cannot be confirmed.

Management Response

2074. Management acknowledged the observation and indicated that delays in submission of expenditure return by the PMC contributed to the lack of supporting documentation. Management has attached photos to show the project were done successfully. The

management acknowledges the error which was due to misclassification of items in the expenditure return. Management ensured that all expenditures charged to emergency funds comply fully with the provisions of the NG-CDF Act. Approval of emergency funds have been supported by documentation demonstrating emergency in nature.

Committee Observation

2075. The Committee observed that the matter was adequately addressed and resolved.

f) Cash and Cash Equivalents

2076. The statement of assets reflects a bank balance of Kshs.7,507,124 as at 30 June 2017. A review of the bank reconciliation statement for June 2017 revealed that cheques totalling Kshs.4,840,278 remained unpresented as at 30 June 2017. However, out of the unpresented cheques, a total of Kshs.4,332,918 were stale and were yet to be reversed in the books of account. No reasons have been provided for failure by the payees to present the cheques for payment. In addition, bank confirmation certificate for the bank balance of Kshs.11,753,537 as reflected in the reconciliation has not been provided for audit verification. Consequently, the existence and the accuracy of the cash and cash equivalents balance of Kshs.11,011,833 as at 30 June 2017 cannot be ascertained.

Management Response

2077. Management acknowledged the observation and indicated that delays in reversing stale cheques and obtaining bank confirmations contributed to the discrepancy. Management has strengthened bank reconciliation procedures, instituted prompt reversal of stale cheques.

Committee Observation

2078. The Committee observed that the matter was adequately addressed and resolved.

g) Delay in Implementation of Projects

2079. The statement of receipts and payments reflects an expenditure of Kshs.27,988,363 for other grants and transfers which includes Kshs.6,000,000 disbursed for security projects. However, two security projects estimated to cost Kshs.3,000,000 were not implemented although funded in 2016/2017 financial year due land ownership disputes as shown below:

Table 56: Kajiado East Constituency, FY 2016/2017 – Delay in Implementation of Projects

Payment Voucher No.	Date Paid	Payee	Activity	Cheque No.	Amount Paid (Kshs)
356	10/10/2016	Chuna AP Post PMC	Construction of 5 AP rooms		2,000,000
345	26/5/2017	Olooltepes Police Post	Construction of AP Line post	4556	1,000,000
Total Amount Disbursed					**3,000,000**

2080. No satisfactory reasons have given as to why the Constituency Development Fund Committee approved and disbursed the funds to Project Management Committees for the two

projects before confirming that the status of ownership of these two pieces of land on which they were to be implemented. This casts doubt as to whether there was adequate public participation in identification of the two projects. In the circumstances, the residents of these areas were denied the benefits which ought to have accrued from these projects and hence value for money was not achieved.

Management Response

2081. Management acknowledged that the delay in project implementation was due to unforeseen land ownership disputes. Management has since engaged relevant stakeholders to resolve ownership issues and will ensure future projects are funded only after verifying land ownership and readiness. Measures will also be implemented to enhance public participation in project identification.

Committee Observation

2082. The Committee observed that the matter was adequately addressed and resolved.

h) Budgetary Performance

Under-funding

2083. The summary statement of appropriation reflects budgeted and actual receipts of Kshs.153,956,974 and Kshs.113,008,702 respectively for the year ended 30 June 2017. The resultant underfunding of Kshs.40,948,272 or 27% has not been explained.

Under-expenditure

2084. The summary statement of appropriation also reflects a final budgeted expenditure of Kshs.153,956,975, actual total expenditure of Kshs.102,276,448, and a net under-expenditure of Kshs.51,680,527. The under-expenditure indicates that approved programs were not executed, thereby denying constituents benefits that ought to have accrued from those projects.

Management Response

2085. The underfunding was caused by delays in the Board's release of funds. However, the funds were released in the subsequent financial year, and the projects were completed. In addition, management o stated that the amount owing from the Board was received, and CDFC Kajiado East was able to carry out the programmes meant for implementation. This is evidenced by copies of AIEs, Project implementation status, completion certificate and photos provided.

Committee Observation

2086. The Committee observed that the matter was adequately addressed and resolved.

4.2.5 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Inaccuracies in Bank Balances

2087. As disclosed in Note 10A to the financial statements, the statement of financial assets and liabilities reflects bank balances totaling to Kshs.12,014,223. Review of bank reconciliation statement provided revealed unpresented cheques amounting to Kshs.13,098,809 out of which cheques totaling to Kshs.3,799,037 were stale. However, the cheques were not reversed in the cashbook. No reasons were provided for failure by the payees to present the cheques for payment. Further, bank confirmation certificate for the bank balance amounting to

Kshs.11,753,537 reflected in the bank reconciliation was not provided. In addition, the statement reflects total financial assets at the bottom instead of net financial position balance of Kshs.12,014,223. The error was not corrected. Consequently, the accuracy, completeness and validity of the reported bank balances totaling to Kshs.12,014,223 reflected in the statement of financial assets and liabilities as at 30 June, 2018 could not be confirmed.

Management Response

2088. The situation arose from inadequate follow-up on long-outstanding cheques and delays in conducting periodic reviews of the bank reconciliation statements. Management recognized that failing to promptly reverse stale cheques and investigate long-outstanding items misstates the bank balance and weakens the reliability of financial records. All the stale cheques have since been reversed and replaced. Management committed to strengthening bank reconciliation procedures and ensuring timely resolution of all reconciling items. In addition, the template issued during the year reflected net liabilities instead of net financial position; the template has since been amended to correctly reflect net financial position in subsequent years.

Committee Observation

2089. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracy in Statement of Cash Flows

2090. The statement of cash flows reflects cash and cash equivalent at the beginning of the year totaling to Kshs.11,011,833 whereas the closing balance as at 30 June, 2017 totaled to Kshs.7,507,124 resulting to an unreconciled variance amounting to Kshs.3,504,709. Consequently, the accuracy, completeness and validity of the reported cash and cash equivalent at the beginning of the year totaling to Kshs.11,011,833 reflected in the statement of the statement of cash flows for the year ended 30 June, 2018 could not be confirmed.

Management Response

2091. The imprest outstanding at year-end was an opening balance. Management confirmed that the imprest was fully surrendered in the subsequent year, as evidenced by copies of imprest surrender.

Committee Observation

2092. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance (Other Matter)

2093. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totaling to Kshs.144,089,020 and Kshs.81,879,413 respectively, resulting to an under-funding amounting to Kshs.62,291,607 or 43% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Kshs.144,089,020 and Kshs.80,795,023 respectively, resulting to an under expenditure amounting to Kshs.63,293,997 or 44% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2094. The underfunding and underperformance were caused by delays in the Board's release of funds. However, the funds were released in the subsequent financial year, and the projects were implemented to completion.

Committee Observation

2095. The Committee observed that the matter was adequately addressed and resolved.

d) Irregular Variation of Scope of Works (Basis for Conclusion)

2096. As previously reported, Athi River G.K Primary school was funded by an amount of Kshs.4,000,000 to undertake re-roofing of eight (8) class-rooms. However, site visit during the month of February, 2019 revealed that only four (4) class-rooms had been re-roofed. Further, the Project Management Committee did not provide documentary support on how the amount was spent such as bill of quantities and expenditure returns. It was also not clear as to how the contractor was identified, and how the scope of works was varied from re-roofing eight (8) to four (4) class rooms. In the circumstances, I am unable to confirm the validity of the variation of scope of work.

Management Response

2097. Management acknowledged the observation regarding the variation in the scope of works at Athi River G.K Primary School. Management stated that the approved project, as per the code list, is for 4 classrooms at an allocation of 4,000,000, to be disbursed in phases of 3,000,000 and 1,000,000. The management provided the bill of quantities and expenditure returns. The contractor prequalification list and tender evaluation committee minutes were also provided to the auditor for review.

Committee Observation

2098. The Committee observed that the matter was adequately addressed and resolved.

4.2.6 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Inaccuracies in Compensation of Employees

2099. As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects compensation of employee's balance of Kshs.2,058,769 whereas the supporting schedule reflected a total of Kshs.2,093,191 resulting to an unreconciled variance amounting to Kshs.34,421.

Management Response

2100. Management acknowledged the variance of Kshs.34,421 between Note 4 in the financial statement and the supporting schedule for compensation of employees. The supporting schedules have been submitted to the auditor for verification.

Committee Observation

2101. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracies in Use of Goods and Services

2102. As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects, under use of goods and services, operating expenses nil opening balance against the

closing balance for the 2017/2018 financial year amount of Kshs.1,877,990 resulting to an unexplained variance amounting to Kshs.1,877,990. Further, routine maintenance opening balance totalling to Kshs.1,877,990 differed with the closing audited nil balance, resulting to unreconciled variance of Kshs.1,877,990.

Management Response

2103. Management noted the inconsistencies and attributed them to misclassification of expenditure between operating expenses and routine maintenance, as well as errors in carrying forward comparative balances. Management committed to strengthening the financial reporting process to ensure that future financial statements are complete, accurate, and fully compliant with applicable reporting standards.

Committee Observation

2104. The Committee observed that the matter was adequately addressed and resolved.

c) Inaccuracies in Bursaries

2105. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and other payments totaling to Kshs.36,135,514. The balance includes bursaries to students in secondary schools and tertiary institutions totaling to Kshs.20,000,000. However, the ledger reflected an expenditure totaling to Kshs.20,723,650, resulting to an unexplained variance amounting to Kshs.723,650. Further, bursaries for the special schools amounting to Kshs.2,531,024 were not supported. Consequently, the accuracy, completeness and validity of balances in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

Management Response

2106. Management stated that during the sorting of payment vouchers, some vouchers were wrongly reclassified between secondary and tertiary institutions, resulting in an excess over what was posted in the financial statements. Management committed to ensuring proper classification in the future. Regarding the unsupported bursaries for special schools, documents were retrieved and made available for auditor verification.

Committee Observation

2107. The Committee observed that the matter was adequately addressed and resolved.

d) Inaccuracies in the Statement of Financial Assets

2108. As disclosed in Note 10A to the financial statements, the statement of financial assets reflects bank balances totaling to Kshs.35,534,342 and nil liabilities. However, the bank statement as at 30 June, 2019 was Kshs.50,829,128 resulting to unreconciled variance of Kshs.15,294,786. The statement also reflects unsupported prior year adjustment totaling to Kshs.2,948,639. Further, the statement reflects net liabilities at the bottom instead of net financial position balance of Kshs.35,534,342. In addition, the title of the statement is reflected as statement of financial assets instead of statement of assets and liabilities. In the circumstances, the accuracy, completeness, and validity of bank balances totaling to Kshs.35,534,342 reflected in the statement of financial assets as at 30 June, 2019 could not be confirmed.

Management Response

2109. The management stated that the variance of Ksh. 15,294,786 between the cash book balance and the bank balance is due to unpresented cheques that were not presented to the bank before the close of the financial year. Management extracted the summary schedule of unpresented cheques to explain the variance. In addition, the KSh 2,948,639, which relates to the prior year, was misclassified. Management further noted that the misclassification of net liabilities and the incorrect statement title were presentation errors. The financial statements were reviewed and corrected to conform to the prescribed reporting framework in future reporting periods.

Committee Observation

2110. The Committee observed that the matter was adequately addressed and resolved.

e) Budgetary Control and Performance (Other Matter)

2111. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totaling to Kshs.176,339,583 and Kshs.120,805,706 respectively, resulting to an under-funding amounting to Kshs.55,540,877 or 31% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.176,339,583 and Kshs.88,220,003 respectively, resulting to an under expenditure amounting to Kshs.88,119,580 or 50% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2112. The Underperformance was occasioned by delays in release of fund from board. The funds were disbursed in the subsequent financial years and projects were implemented as per project implementation status.

Committee Observation

2113. The Committee observed that the matter was adequately addressed and resolved.

f) Unresolved Prior Year Matters (Other Matter)

2114. The audit report of the previous year, several issues were raised. However, the Management has not resolved all the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

Management Response

2115. Kajiado East NG-CDF endeavors to resolve the issues raised in previous year's audit report. As result we are waiting for appearance before the decentralization funds accounts committee for clearance.

Committee Observation

2116. The Committee observed that prior year matters were resolved by the Accounting Officer after submitting relevant documentation to the Office of the Auditor-General, and the matter was resolved.

g) Unutilized Project

2117. The Management issued a contract the for construction of New Valley Police Post at a contract sum of Kshs.1,000,000. Physical verification of the Project on 18 December, 2019 revealed that the Police Post was complete. However, the Project was not labelled as per specifications and was not in use. In the circumstance, I am unable to confirm whether the public obtained value for money for the expenditure on the project totaling Kshs.1,000,000.

Management Response

2118. The management confirmed that New Valley Police Post was completed and in use. Committee Observation

2119. The Committee observed that the matter was adequately addressed and resolved.

4.2.7 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Inaccuracies in Bank Balances

2120. As disclosed in Note 10A to the financial statements, the statement of assets and liabilities reflects bank balances totaling to Kshs.8,600,315. However, bank reconciliation statements for ten (10) months and bank statements for twelve (12) months were not provided. The statement also reflects net liabilities at the bottom instead of net financial position balance of Kshs.8,600,315. Further, the bank reconciliation statement for June, 2020 revealed undated stale cheques amounting to Kshs.100,000. However, the cheques had not been reversed in the cash book as at 30 June, 2020. In addition, payments in bank statement not recorded in cash book amounting to Kshs.938,200 and receipts in bank statement not recorded in the cash book amounting to Kshs.395,000 were not dated. In the circumstances, the accuracy, completeness and validity of bank balances totalling to Kshs.8,600,315 reflected in the statement of assets and liabilities as at 30 June, 2020 could not be confirmed.

Management Response

2121. The bank reconciliations and bank statements have been submitted for review. The template used reflected net liabilities instead of net financial position; however, the template was amended to correctly represent net financial position. Stale cheques were reversed and replaced in the subsequent year. In addition, all discrepancies noted in the bank reconciliation, which were payments in the bank not in the cashbook and receipts in the bank not in the cashbook, were investigated, and proper adjustments were made accordingly in the subsequent bank reconciliation.

Committee Observation

2122. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Expenditure

2123. The statement of receipts and payments reflects payments totaling to Kshs.78,934,027. However, use of goods and services payments amounting to Kshs.346,617 and other grants and other payments amounting to Kshs.2,455,172 all totaling to Kshs.2,801,789 were not supported. Further, as disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services expenditure amount of Kshs.5,190,401 which includes other committee expenses and allowances totaling to Kshs.1,640,000. However, invitation letters, agendas, reports, schedule of projects visited, project progress reports and

their recommendations were not provided. Consequently, the accuracy, completeness and validity of the expenditure totaling to Kshs.2,801,789 and other committee expenses and allowances totaling to Kshs.1,640,000 for the year ended 30 June, 2020 could not be confirmed.

Management Response

2124. Management noted the auditor's observation and stated that payment vouchers supporting the use of goods payment, invitation letters, agendas, reports, schedules of projects visited, project progress reports, and their recommendations have been provided for audit verification.

Committee Observation

2125. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Summary of Fixed Assets

2126. Annex 4 to the financial statements reflects summary fixed assets with a total historical cost of Kshs.34,035,829. However, the fixed assets register provided did not include the dates of purchase and historical costs for each asset. Further, included in the assets is a grounded motor vehicle worth Kshs.5,000,000 which Management did not explain when and why it was grounded. In the circumstances, the accuracy, completeness and validity of the fixed assets balance totaling to Kshs.34,035,829 as at 30 June, 2020 could not be confirmed.

Management Response

2127. Management noted the audit observation regarding the incomplete fixed assets register and the grounded motor vehicle. Management updated the fixed assets register to ensure that all assets are properly recorded with acquisition dates, historical costs, locations, and supporting documentation. Regarding the grounded motor vehicle valued at Kshs.5,000,000, the vehicle was grounded due to mechanical challenges. Management is currently waiting for the reprint of the logbook to dispose of it in accordance with Government disposal procedures. Management submitted an updated fixed asset register for verification.

Committee Observation

2128. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance (Other Matter)

2129. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totaling to Kshs.225,487,304 and Kshs.87,534,342 respectively, resulting to an under-funding amounting to Kshs.137,952,962 or 61% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Kshs.225,487,304 and Kshs.78,934,027 respectively, resulting to an under expenditure amounting to Kshs.146,553,277 or 65% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2130. The under-funding and underperformance resulted from delayed disbursement of funds; however, the funds were received and projects implemented.

Committee Observation

2131. The Committee observed that the matter was adequately addressed and resolved.

e) Unresolved Prior Year Matters (Other Matter)

2132. The audit report of the previous year, several issues were raised. However, the Management has not resolved all the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

Management Response

2133. Kajiado East NG-CDF endeavours to resolve the issues raised in the previous year's audit report. As a result, Management was waiting for an appearance before the Decentralization Funds Accounts Committee for clearance.

Committee Observation

2134. The Committee observed that the Management did not provide sufficient documentation to verify the matter, and the query remained unresolved.

f) Unutilized Committees Bank Balances

2135. Project Management Committees bank balances confirmation certificate as at 30 June, 2020 reflected bank balances held at a commercial bank totaling to Kshs.19,985,179 which had not been utilized as at the time of audit on 4 March, 2021. No explanation was provided for not having put the funds for the purpose they were appropriated for. In the circumstances, I am unable to confirm whether Management utilized public funds totaling to Kshs.19,985,179 effectively for the benefits of the public for the year ended 30 June, 2020.

Management Response

2136. Management stated that the funds remained unutilized due to delays in project implementation arising from the identification of the project management committee and procurement processes during the period under review. Management fast-tracked the implementation of the approved projects, as evidenced by the project implementation status report.

Committee Observation

2137. The Committee observed that the matter was adequately addressed and resolved.

g) Irregular Funding of Project - Enkoinerei M.C.K Kiboko Primary School

2138. The Management allocated a total of Kshs.7,000,000 or 13.5% of annual receipts totaling to Kshs.52,000,000 to Enkoinerei M.C.K Kiboko Primary School. However, the allocation was above the required limit of 5% which translates to an amount of Kshs.2,600,000 contrary to Section 8(1) of the National Government Constituencies Development Fund Act, 2015. The scope of works according to the bills of quantities included roofing, supply of two (2) water tanks of 10,000 litres capacity with concrete base and all connections from the roof catchment. Others included bringing down wooden doors and replacement with standard size steel doors and windows, preparation of verandas, painting of the school, supply and installation of lighting points, switches, power points, socket outlets and internal power distribution. However, the project file, evaluation minutes, details of the contractor and date when the project was implemented were not provided. In addition, during physical verification, the

tanks were not seen and the contractor was not on site. In the circumstances, I am unable to confirm the validity and value for money for the expenditure totalling to Kshs.7,000,000 allocated to the project.

Management Response

2139. Section 8(1) of the National Government Constituencies Development Fund Act, 2015 sets the limit at 5% of the total allocation, not annual receipts as the auditor implies. Consequently, the project did not go beyond the required limit. The project file, evaluation minutes, contractor details, and the implementation date have been provided. The tanks were delivered to the site.

Committee Observation

2140. The Committee observed that the matter was adequately addressed and resolved.

h) Irregular Funding of Project - Kikayaya Secondary School

2141. Management awarded a contract for the construction of four (4) classrooms at Kikayaya Secondary School at a contract sum of Kshs.4,992,663. However, tenders were opened and evaluated by the same committee while the tender opening register and evidence that the bidders had an option of witnessing the opening exercise, technical evaluation, professional opinion and performance security documents were not provided. Further, an amount of Kshs.2,657,978 or 53% of contract sum had been paid to the contractor. However, ownership documents of the land where the school had been constructed, proposal from the community and architectural plan for the project were not provided. A site inspection carried out in the month of March, 2021 revealed that the construction was at truss level and the contractor was not on-site contrary to the Project Implementation Status Report which indicated that it was at the roofing stage. In addition, the contractor's Business Registration Certificate, Tax compliance, National Construction Authority License and trading license were not provided. This is contrary to Public Procurement and Asset Disposal Act, 2015. In the Circumstances, the validity and value for money for the expenditure totaling to Kshs.4,992,663 allocated to the Project could not be confirmed.

Management Response

2142. Management acknowledged the audit observations regarding the procurement and implementation of the Kikayaya Secondary School classroom project. Regarding the ownership documents and project approval, the community letter supporting land donations and the project architectural plan have been provided for audit review. The contractor's Business Registration Certificate, Tax compliance, National Construction Authority License and trading license were provided for review.

Committee Observation

2143. The Committee observed that the matter was adequately addressed and resolved.

i) Unsatisfactory Implementation of Project

2144. Management awarded a contract for the construction of four (4) classrooms at Noonkopir Primary School at a contract sum of Kshs.4,989,928 and a total of Kshs.4,490,935 or 90% of the contract sum had been paid to the contractor and a Certificate of Practical Completion issued on 10 December, 2020. Physical verification in the month of March, 2021 revealed that the classrooms were in use but the floors were already chipping an indication of poor

workmanship. Management did not explain steps it intended to take to repair the floors. In the circumstances, I am unable to confirm whether the public obtained value for money for the expenditure totalling to Kshs.4,490,935.

Management Response

2145. Management acknowledges the audit observation regarding the condition of the classroom floors at Noonkopir Primary School. Although the project was completed, certified, and is currently in use, the defects noted during the audit inspection indicate possible workmanship concerns. Management had used the defects liability provisions under the contract and directed the contractor to assess and repair the affected floors at no additional cost to the Fund.

Committee Observation

2146. The Committee observed that the matter was adequately addressed and resolved.

j) Delay in Project Implementation

2147. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and other payments amounting to Kshs.52,152,878. The balance includes an amount of Kshs.19,986,206 transferred to various Project Management Committee (PMC) Accounts. However, at the time of audit in the month of March, 2021, the projects had not been implemented and no explanation was given for failure to implement them. Further, there was no evidence showing who and how the members of the PMCs were identified. In the circumstances, I am unable to confirm whether the public will obtain value for money from the delayed projects.

Management Response

2148. Management acknowledged the audit observation regarding delays in project implementation and the documentation of Project Management Committee (PMC) members. The delay in implementation arose from the COVID-19 pandemic, procurement processes, and project initiation procedures that extended beyond the planned timelines. Management directed the respective PMCs to expedite procurement and project commencement, as evidenced by the project implementation status. The criteria for identifying PMC members are that, in all learning institutions, the board of management, constituted as per Ministry of Education guidelines, automatically becomes the project management committee for the NG-CDF project under the NG-CDF Act.

Committee Observation

2149. The Committee observed that the matter was adequately addressed and resolved.

k) Weaknesses in Management of the Cash Book

2150. Examination of the Cash book revealed that it was not systematically updated/posted with earlier dates posted after current dates. Further, it was not reviewed and approved by a senior official and the closing balances were not defined and dated. It was also noted that several cancellations, overwrites, calculations and notes were made. In the circumstances, I am unable to confirm existence of effective internal controls and governance in the management of the cashbook.

Management Response

2151. In response to the cancellation in the cashbook during the year, the error was due to a clerical error. The cancellation was authorized by the NSA to correct the error. Management committed to conducting continuous training on the PFM Act to ensure clerical errors do not recur.

Committee Observation

2152. The Committee observed that the matter was adequately addressed and resolved.

4.2.8 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Unconfirmed Use of Goods and Services

2153. The statement of receipts and payments, reflects use of goods and services expenditure totaling Kshs.8,982,940 which differed with the supporting schedule balance of Kshs.8,538,440 by an unexplained variance of Kshs.444,500. Further, supporting schedules for each category of expenditure under use of goods and services as disclosed in Note 5 to the financial statements were not provided for audit verification. As a result, the accuracy and completeness of use of goods and services expenditure totaling Kshs.8,982,940 could not be confirmed.

Management Response

2154. Supporting schedules for each category of expenditure under use of goods and services as disclosed in Note 5 to the financial statements have been provided for audit verification.

Committee Observation

2155. The Committee observed that the matter was adequately addressed and resolved.

b) Unconfirmed Other Grants and Transfers

2156. The statement of receipts and payments reflects other grants and transfers totaling Kshs.69,321,504. Included in the amount, is expenditure on environmental projects and emergency projects totaling to Kshs.3,303,389 and Kshs.1,200,000 respectively. However, Management did not provide supporting schedules for the amounts. Further, as disclosed in Note 7 to the financial statements, the amount includes Kshs.16,911,000 and Kshs.12,947,343 with respect to bursaries for secondary and tertiary education respectively, both totaling to Kshs.29,858,343, whereas the provided supporting schedule for bursaries reflected an amount of Kshs.30,679,500. The variance of Kshs.821,157 was not explained or reconciled. In the circumstances, the accuracy and completeness of other grants and transfers totaling Kshs.69,321,504 could not be confirmed.

Management Response

2157. Management noted the audit observation regarding the unconfirmed other grants and transfers amounting to Kshs.69,321,504 and the absence of supporting schedules. Management stated that the variance for bursary it was misclassification of items in the expenditure return. Management also provided a copy of the payment voucher for emergency and environment for audit review. Management is committed to improving financial reporting accuracy and ensuring complete documentation in future reporting periods.

Committee Observation

2158. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Cash and Cash Equivalents

2159. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.59,263,610. However, the balance was not supported with the bank statements, cash books and bank confirmation certificates. In the circumstances, the accuracy and existence of the cash and cash equivalents balance of Kshs.59,263,610 could not be confirmed.

Management Response

2160. Management provided bank statements, cash books, and bank confirmation certificates confirming the bank balance for audit review.

Committee Observation

2161. The Committee observed that the matter was adequately addressed and resolved.

4.2.9 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Unpresented Bursary Cheques

2162. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects an amount of Kshs.58,584,570 being other grants and transfers, which includes bursaries disbursements to secondary schools and tertiary institutions of Kshs.20,096,000 and Kshs.15,496,836 respectively. The bank reconciliation statements reflect unpresented cheques amounting to Kshs.3,742,305 which includes cheques for bursaries payments of Kshs.3,139,300. No explanation was provided for the large number of bursaries cheques that had remained unpresented as at 30 June, 2022 with some dated back to January, 2022. In the circumstances, the accuracy and completeness of the other grants and transfers amount of Kshs.3,139,300 could not be confirmed.

Management Response

2163. Management acknowledged the audit observation regarding unpresented bursary cheques totaling Kshs.3,139,300 as at 30 June 2022. The situation arose due to delays in presentation by some beneficiaries and the processing time required to clear cheques issued during the period. Some cheques were retained by schools or not yet deposited by the payees, leading to the balance of unpresented cheques in the bank reconciliation. Management will engage courier services for delivery in future.

Committee Observation

2164. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracies in Cash and Cash Equivalents Balance

2165. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.69,365,430 as disclosed in Note 10A to the financial statements. Review of the bank reconciliation statements revealed unpresented cheques amounting to Kshs.3,742,305, which includes stale cheques totaling to Kshs.447,626. The stale cheques include some issued as far back as 2019. Management did not explain why the stale cheques were not written back in the cash book. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance could not be confirmed.

Management Response

2166. The occurrence of stale cheques in the cash book was primarily due to delays in reconciliation processes and lack of a formal procedure for identifying and writing back old unpresented cheques. However, Stale cheques were reversed and replaced. Management is committed to maintaining accurate and complete reporting of cash and cash equivalents and to preventing recurrence of similar discrepancies in future reporting periods.

Committee Observation

2167. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Bursary Awards

2168. The statement of receipts and payments reflects an amount of Kshs.58,584,570 being other grants and transfers, which includes bursaries disbursements to secondary schools and tertiary institutions of Kshs.20,096,000 and Kshs.15,496,836 respectively, and as disclosed in Note 7 to the financial statements. However, Management did not provide minutes of vetting and approval indicating how the beneficiaries were selected, list of beneficiaries and a cheque register in support of cheques disbursements. Further, the disbursement to tertiary institutions of Kshs.15,596,836 includes an amount of Kshs.1,499,980 paid to a Hair and Beauty College. The documents on the process of identification and selection of the college for training the bursary beneficiaries were however, not provided. In the circumstances, the accuracy and completeness of bursary awards to secondary schools and tertiary institutions of Kshs.20,096,000 and Kshs.15,496,836 respectively could not be confirmed.

Management Response

2169. Minutes of vetting and approval indicating how the beneficiaries were selected, a list of beneficiaries, and a cheque register supporting cheque disbursements were provided for review. The documents on the process of identifying and selecting the college for training the bursary beneficiaries were provided for audit verification.

Committee Observation

2170. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Sports Projects

2171. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects an amount of Kshs.58,584,570 on other grants and other transfers which includes expenditure on sports projects of Kshs.5,195,867. However, the sports project expenditure of Kshs.5,195,867 was unsupported. In the circumstances, the accuracy and completeness of expenditure on sports project of Kshs.5,195,867 could not be confirmed.

Management Response

2172. The unsupported expenditure arose from delays in obtaining complete documentation from the implementer when preparing the financial statements. Management recognized the importance of maintaining proper supporting documents for all project expenditures to ensure transparency and accountability. However, photos have been provided for audit review.

Committee Observation

2173. The Committee observed that the matter was adequately addressed and resolved.

e) Unconfirmed Assets Balance

2174. Annex 4 to the financial statements on summary of fixed assets register reflects assets with historical cost of Kshs.34,035,829. The Management did not however, provide an asset register in support of the assets balance of Kshs.34,035,829. Further, the ownership documents for the land, valued at Kshs.23,905,668 on which the Constituency Office is located was not provided for audit. In addition, the logbook for motor vehicle valued at Kshs.5,130,161 was also not provided for audit. In the circumstances, the accuracy, ownership and completeness of the assets balance of Kshs.34,035,829 could not be confirmed.

Management Response

2175. The office is located at the Kitengela DO's compound, a public site set aside for the construction of the sub-county headquarters. A fixed asset register has been provided for audit review. The constituency management has initiated the process of requesting the logbooks from the Director, NTSA, through the NGCDF Board

Committee Observation

2176. The Committee observed that the matter was adequately addressed and resolved.

f) Budgetary Control and Performance (Other Matter)

2177. The Fund expended an amount of Kshs.160,215,060 against budgeted amount of Kshs.241,669,369 resulting to an under-expenditure of Kshs.81,454,309 or 34% of the budget. In circumstances, the under-expenditure affected implementation of the planned activities and programs and may have impacted negatively on services delivery to the residents of Kajiado East Constituency.

Management Response

2178. The under-expenditure was caused by delays in the disbursement of funds from the exchequer. The funds were received and projects implemented to completion.

Committee Observation

2179. The Committee observed that the matter was adequately addressed and resolved.

g) Unresolved Prior Year Matters (Other Matter)

2180. 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 adhere to the provisions of the template prescribed by the Public Sector Accounting Standards Board.

Management Response

2181. Kajiado East NG-CDF endeavours to resolve the issues raised in the previous year's audit report. As a result, we are awaiting an appearance before the Decentralization Funds Accounts Committee for clearance.

Committee Observation

2182. The Committee observed that the Management did not provide sufficient documentation to verify the matter, and the query remained unresolved.

Insert a recommendation

h) Project Implementation Status for Schools (Basis for Conclusion)

2183. The statement of receipts and payments and Note 6 to the financial statements reflects transfers to other government units of Kshs.91,800,000 for projects implementation. Physical verification of the projects in the month of March, 2023 revealed the following anomalies: PJ Dave Primary School - The Fund awarded a contract for the construction of a forty (40) capacity bed dormitory at PJ Dave Primary School, to completion at a contract sum of Kshs.3,000,000. The contract was awarded on 26 June, 2022, to the lowest evaluated bidder. Review of the procurement files revealed that the contract was signed on 16 June, 2022, hence inconsistencies on dates. Further, there was no inspection and acceptance committee appointed to confirm quality and implementation of the project.

2184. Utumishi Secondary School Project - The contract was for the construction of an administration block at a contract sum of Kshs.2,952,154. The bill of quantities included paving slabs around the building, fitting of seventy-eight (78) ceramic tiles, electrical works and fitting of six (6) steel casement windows of size 2000 mm by 2000 mm to the administration block at Kshs.33,000, Kshs.15,600, Kshs.100,000 and Kshs.96,000 respectively. However, the work was not done.Enkasiti Secondary School Project - The contract was for the construction of an administration block at a contract sum of Kshs.2,999,535.52. The bill of quantities included paving slabs around the building, fitting of 78 ceramic tiles, electrical works and fitting of curtain tracks rods at Kshs.28,270, Kshs.62,400, Kshs.100,000 and Kshs.15,000 respectively but the work was not done.The failure to complete the projects was contrary to Section 68(1)(a)(b) of the Public Finance Management Act, 2012. In the circumstances, Management was in breach of the law.

Management Response

2185. The inconsistencies in the procurement documents arose due to administrative oversight during contract finalization. Management recognized that such gaps compromise procurement compliance and project oversight. Management provided the signed contract confirming the date of signing and the inspection and acceptance committee appointment letters to the auditor for review. Management is committed to ensuring adherence to procurement regulations and proper oversight of all funded projects to prevent recurrence of similar issues in future projects. Management acknowledges the audit observation regarding the construction of the administration block at Utumishi Secondary School. Management ensured that Utumishi Secondary School Project is completed in full accordance with contract specifications. though there were remeasured to explain the omitted works. Management acknowledges the audit observation regarding the construction of an administration block at Enkasiti Secondary School a contract sum of Kshs.2,999,535.52. Management ensured that the Enkasiti Secondary School project was completed in full accordance with contract specifications, though remeasurements were made to account for the omitted works.

Committee Observation

2186. The Committee observed that the matter was adequately addressed and resolved.

i) Delay in Completion of Projects (Basis for Conclusion)

2187. The Fund budgeted for the construction of four (4) standard classrooms in Sholinke Secondary School with a total allocation of Kshs.5,000,000 in the financial year 2019/2020.

The project had not been completed as at the end of 2021/2022 financial year contrary to Regulation 11(1)(j) of the National Government Constituencies Development Fund Regulations, 2016, which requires all projects to receive adequate funding and be completed within three years. In the circumstances, the Management was in breach of the laws.

Management Response

2188. The delay in completion of Sholinke Secondary School was primarily due to challenges in contractor performance and inadequate funding disbursements. Management ensured that the Sholinke Secondary School Project was completed in full accordance with contract specifications.

Committee Observation

2189. The Committee observed that the matter was adequately addressed and resolved.

j) Project Implementation Status - Security Projects (Basis for Conclusion)

2190. The statement of receipts and payments reflects other grants and transfers of Kshs.58,584,570 which includes security projects expenditure of Kshs.8,000,000 as disclosed in Note 7 to the financial statements. Physical verification of projects with a total cost of Kshs.4,984,949, conducted in March, 2023 revealed allocation of funds to Korrompoi Chief's Office Project for the construction of administration block at a contract sum of Kshs.2,998,774. However, review of the bill of quantities revealed that the following works were not done contrary to the specifications Paving slabs around the building at a cost of Kshs.13,200. Fitting of curtain tracks rods at a cost of Kshs.3,900. Fitting the floor with 78 ceramic tiles at a cost of Kshs.171,600. Fitting celotex ceiling surfaces at Kshs.17,940. Supply of six (6) steel casement windows size 2000 mm by 2000 mm costing Kshs.24,000 each and totaling to Kshs.144,000. Electrical works at Kshs.100,000.

Management Response

2191. During the audit period, construction was still ongoing; everything was completed, and the building was in use.

Committee Observation

2192. The Committee observed that the matter was adequately addressed and resolved.

4.2.10 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Unsupported Bursary Disbursements

2193. The statement of receipts and payments reflects other grants and transfers amount of Kshs.82,401,102 and as disclosed in Note 8 to the financial statements which includes bursary payments amounting to Kshs.38,174,845 and Kshs.36,879,600 disbursed to secondary schools and tertiary institutions respectively. However, no acknowledgement letters from beneficiary institutions were provided for audit. In the circumstances, the accuracy and completeness of bursary payments totaling Kshs.75,054,445 could not be confirmed.

Management Response

2194. The absence of acknowledgement letters arose from delays in obtaining formal confirmation from some beneficiary institutions while preparing the financial statements. During the audit

period, the acknowledgement had not yet been received; it was later received and presented to the auditor for review.

Committee Observation

2195. The Committee observed that the matter was adequately addressed and resolved.

b) Long Outstanding Unpresented Cheques

2196. The statement of assets and liabilities reflects a balance of Kshs.57,569,882 in respect to bank balances as disclosed in Note 12A to the financial statements. However, review of the bank reconciliation statements revealed long outstanding unpresented cheques amounting to Kshs.13,218,495 whose clearance dates were not indicated. In the circumstances, the accuracy and completeness of bank balances of Kshs.57,569,882 could not be confirmed.

Management Response

2197. The Cheques were still valid; they were presented to the bank and cleared. Attached are bank reconciliations and bank statements for audit review.

Committee Observation

2198. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Project Management Committee Balances

2199. Annex 5 to the financial statements reflects Project Management Committee (PMC) bank balance totaling Kshs.14,772,386. However, the cashbooks, bank reconciliation statements and certificates of bank balances for the individual PMC accounts were not provided for audit. Further, the PMC opening bank balance of Kshs.88,545,889 differs with the audited financial statements for the year ended 30 June, 2022 balance of Kshs.96,137,760 resulting to an unexplained difference of Kshs.7,591,871. In the circumstances, the accuracy and completeness of PMC balance of Kshs.14,772,386 could not be confirmed.

Management Response

2200. Management committed to conducting continuous training on the PMC to ensure the cashbook and reconciliation are done monthly.

Committee Observation

2201. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance (Emphasis of Matter)

2202. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.226,748,403 and Kshs.156,572,430 respectively resulting to under-funding of Kshs.70,175,973 or 31% of the budget. However, the Fund spent an amount of Kshs.99,023,348 against receipts of Kshs.156,572,430 resulting to an under-utilization of Kshs.57,549,082 or 37% of the actual receipts. 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.

Management Response

2203. The under-funding and under-utilisation were due to late disbursement of funds from the exchequer. The funds were received in the subsequent financial year, and all the projects were implemented and completed and are currently in use.

Committee Observation

2204. The Committee observed that the matter was adequately addressed and resolved.

e) Unresolved Prior Year Matters

2205. In the audit report of the previous year, several issues were raised under the Report on the 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.

Management Response

2206. Kajiado East NG-CDF endeavours to resolve the issues raised in the previous year's audit report. As a result, we are waiting for an appearance before the decentralisation funds accounts committee for clearance.

Committee Observation

2207. The Committee observed that the Management did not provide sufficient documentation to verify the matter, and the query remained unresolved.

f) Delay in the Implementation of the Projects

2208. Review of the approved code list and Project Implementation Status report revealed that Management had budgeted to implement forty-two (42) projects totaling Kshs.86,852,038 which had not started. In the circumstances, value for money of Kshs.86,852,038 allocated to projects which had not commenced could not be confirmed.

Management Response

2209. The delay in implementing the projects was due to late disbursement of funds from the exchequer. The funds were received in the subsequent financial year, and all the projects were implemented and completed and are currently in use.

Committee Observation

2210. The Committee observed that the matter was adequately addressed and resolved.

g) Unsupported Expenditure on Emergency Projects

2211. The statement of receipts and payments reflects an amount of Kshs.82,401,102 in respect to other grants and transfers as disclosed in Note 8 to the financial statements. Included in the amount is Kshs.7,346,657 spent on three (3) emergency projects at Noompala, Oloolngosuani and Namunyak Primary Schools but the respective Bill of Quantities and request for quotations were not provided for audit. Further, the minutes approving Noompala Primary School project were not signed and out of the five (5) classrooms that were expected to be completed only one class had been completed by the end of the financial year. In the circumstances, value for money in respect to the three (3) projects that were allocated emergency funds of Kshs.7,346,657 could not be confirmed.

Management Response

2212. The Bill of Quantities, request for quotations, and signed minutes approving the Noompala Primary School project were availed to the auditor for review. During the audit period, the five projects were ongoing; they were later completed and are currently in use.

Committee Observation

2213. The Committee observed that the matter was adequately addressed and resolved.

4.3 Kajiado North Constituency

2214. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Kajiado North Constituency for the financial years 2013/2014,2014/2015,2015/2016,2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

4.3.1 Examination of the Reports of the Auditor-General for the FY 2013/2014

a) Cash and Cash Equivalents

2215. The statements of financial assets and liabilities reflect a cash and cash equivalents balance of Kshs.4,183,151 as at 30 June 2014. However, this amount does not include cash in hand amounting to Kshs.482,000. In addition, no board of cash survey report was presented for audit review to ascertain the cash held as at 30 June 2014. Further, the cash book is supported by a bank reconciliation statement for June 2014, which has unpresented cheques amounting to Kshs. 6,658,257, out of which unpresented cheques worth Kshs.825,362 are stale. Consequently, the accuracy of the cash and cash equivalents balance of Ksh.4,183,151 as at 30 June 2014 could not be confirmed.

Management Response

2216. Stale cheques were reversed and replaced. The Board of Survey report confirming the cashbook balance has since been availed for the auditor's review.

Committee Observation

2217. The Committee observed that the matter was adequately addressed and resolved.

b) Transfers from CDF Board

2218. The statement of receipts and payments reflects transfers from the CDF board for the year ended 30 June 2014 totaling kshs.80,791,704. This amount does not include transfers amounting to Kshs.22,154,818 received vide AIE No. A735877 dated 10 March 2014 in respect of Kajiado West Constituency Development Fund which was then managed under Kajiado North CDF. Further, although the funds were transferred to Kajiado West CDF, the same has not been reflected in the financial statements of the Fund as receipts and transfer. Consequently, the accuracy of the transfers from the CDF board of Kshs.80,791,704 for the year ended 30 June 2014 to the extent of the omissions.

Management Response

2219. The fund did not include the transfer relating to Kajiado West in the statement of receipts and payments because the Kajiado West CDF accounted for the transfers.

Committee Observation

2220. The Committee observed that the matter was adequately addressed and resolved.

c) Acquisition of Assets

2221. The statements of receipts and payments reflect an expenditure of Kshs.1,531,850 in respect of acquisition of assets for the year ended 30 June 2014. This amount was used to construct buildings and to procure office equipment. However, no documentary evidence to support the expenditure was availed for audit verification. Consequently, the accuracy of the expenditure on acquisition of assets of Kshs.1,531,850 for the year ended 30 June 2014 could not be confirmed.

Management Response

2222. Management provided procurement documents for the constructed buildings, photos, completion certificates, and payment vouchers for the auditor's review.

Committee Observation

2223. The Committee observed that the matter was adequately addressed and resolved.

d) Inaccuracies in the Financial Statements

2224. The figures reflected in the statement of receipts and payments differed with the figures in the schedules submitted for audit as detailed below:

Table 57: Kajiado North Constituency, FY 2013/2014 – Inaccuracies in the Financial Statements

	Amount as per financial statements kshs.	Amount as per schedule kshs	Difference kshs
Transfers from CDF board	80,791,704	102,946,522	22,154,818
Compensation of employees	1,498,440	1,793,532	(295,092)
Use of goods	2,483,448	1,617,194	866,254
Committee expenses	4,567,311	3,102,500	1,464,811
Transfer to other government institution	37,801,472	71,136,302	(33,334,830)
Other grants& other payments	31,711,168	24,095,380	7,615,788
Social security benefits	24,000	27,600	3,600
Acquisition of assets	1,531,850	-	(1,531,850)

2225. No explanations or reconciliation was provided for the differences.

Management Response

2226. The difference of Ksh.22,154,818 resulted from AIE No. A735877 of Ksh.22,154,818, which was transferred to Kajiado West after the establishment of the constituency. The actual receipts from the Board to the constituency have been submitted for audit review in the bank statement. During the period under review, supporting schedules were mixed up, leading to the difference. The correct supporting schedules were retrieved and availed to the auditor for review.

Committee Observation

2227. The Committee observed that the matter was adequately addressed and resolved.

e) Anomalies in Financial Statements

2228. The following anomalies were also noted in the financial statements: Description for some items in the statements of receipts and payments do not agree with those in the notes. The notes to the accounts exclude notes on related party transactions, management risks and do not disclose whether any liabilities exist or not. The statement of cash flows is missing from the financial statements. The financial statements indicate that the figures are in thousands whereas they are all in absolute figures. The significant accounting policies have been disclosed separately from the other notes. The financial statements include blank notes which do not support any figure. Some notes to the accounts indicate the government financial services code numbers which are not necessary for reporting purposes.

Management Response

2229. The anomalies resulted from the reporting template; however, the template has since been amended in line with the Public Sector Reporting Standards Board.

Committee Observation

2230. The Committee observed that the matter was adequately addressed and resolved.

4.3.2 Examination of the Reports of the Auditor-General for the FY 2014/2015

a) Accuracy and Presentation of the Financial Statements

2231. The summary statement of appropriation reflects a budget of Kshs.133,568,595 while the project proposal documents held by the CDF Board reflects an amount of Kshs.97,510,692 as detailed below:

Table 58: Kajiado North Constituency, FY 2014/2015 – Accuracy and Presentation of the Financial Statements

Item	Budget as per summary statement of appropriation ksh	Budget as per project proposal document with cdf board ksh	Difference Kshs
Transfers from CDF Board	99,010,692 95,000	- -	- -

Item	Budget as per summary statement of appropriation ksh	Budget as per project proposal document with cdf board ksh	Difference Kshs
Other receipt(sale of tender)	99,105,692	-	-
	3,290,960	2,290,828	1,00,132
Payments	4,442,761	2,114,761	2,328,000
Compensation of employees	4,607,356	4,355,356	252,000
Use of goods and services	49,346,437	30,837,931	18,508,506
Committee expenses	71,501,743	57,037,478	14,469,265
Transfers to other govt units	12,000	12,000	-
Other grants and transfers	367,338	367,338	-
Social security benefits	-	500,000	500,000
Acquisition of assets	133,568,595	97,510,692	37,057,903
Other payments			

2232. No reconciliation or explanation was provided for the variance between the two set of records. Consequently, the accuracy of the budget figures disclosed in the financial statements could not be confirmed.

Management Response

2233. The difference is a result of summing up original budget as per the projects proposal and the balances brought forward of Ksh.1,494,253. Summary of appropriation for 2014/15 financial year has been provided for audit review.

Committee Observation

2234. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalents

2235. The statements of financial assets reflect cash and cash equivalents of Kshs.6,819,878 as at 30 June 2015. However, this amount does not include cash in hand amounting to kshs.490,715. Further, a review of the bank reconciliation statements revealed that as at 30 June 2015, cheques totaling kshs.5,175,081 were unpresented out of which a total of Kshs.432,654 were stale. Consequently, the accuracy of the cash and cash equivalents balance of Kshs.6,819,878 as at 30 June 2015 could not be confirmed.

Management Response

2236. Stale cheques were reversed and replaced.

Committee Observation

2237. The Committee observed that the matter was adequately addressed and resolved.

4.3.3 Examination of the Reports of the Auditor-General for the FY 2015/2016

a) Presentation and Disclosures in the Financial Statements

2238. The summary statement of appropriation at page 8 reflects material differences between actual and budgeted balances for both receipts and expenditure items. However, no explanations have been provided for the material budget utilization variances, contrary to the requirements under paragraph 1.9.8 of International Public Sector Accounting Standards (IPSAS) Cash Basis reporting framework.

Management Response

2239. This was due to late disbursements, resulting in the difference. Management provided AIE, PIS, completion certificates and photos.

Committee Observation

2240. The Committee observed that the matter was adequately addressed and resolved.

b) Accuracy of the Financial Statements

2241. The statements of assets and the cash flow statements reflect unexplained prior year adjustments of Kshs.490,715. Further, contrary to paragraph 1.5 of IPSAS Cash Basis reporting framework, the nature and amount of the errors corrected have not been disclosed. In the circumstance, the accuracy and validity of the financial statements for the year ended 30 June 2016 cannot be confirmed.

Management Response

2242. The prior year adjustments relate to cash in hand that had not been reported in previous years. It was then surrendered in the subsequent financial year.

Committee Observation

2243. The Committee observed that the matter was adequately addressed and resolved.

c) Use of Goods and Services

2244. The statement of receipts and payments reflects use of goods and services expenditure of Kshs.6,129,287 for the year ended 30 June 2016. However, the expenditure was not supported by relevant schedules and payments details. In the circumstance, the propriety and accuracy of the expenditure on use of goods and services of Kshs.6,129,287 for the year ended 30 June 2016 cannot be confirmed.

Management Response

2245. Management presented the schedules and payment details to the auditor for review.

Committee Observation

2246. The Committee observed that the matter was adequately addressed and resolved.

d) Cash and Cash Equivalents

2247. The statement of financial assets reflects cash and cash equivalents balance of Ksh.20,197,911 as at 30 June 2016. However, a review of the bank reconciliation statement for June 2016 revealed that cheques totaling to Kshs.9,119,763 were unpresented as at 30 June 2016 out of which a total Kshs.2,011,608 were stale but had not been reversed in the cash book. Failure to reverse the cheques understated the cash and cash equivalent balance by Kshs.2,022,608, being the sum of the stale cheques. In the circumstance, the accuracy of cash and cash equivalents balance of Kshs.20,197,911 as at 30 June 2016 cannot be confirmed.

Management Response

2248. The stale cheques were reversed and replaced in the subsequent year. Management provided a cashbook extract, stale cheque schedules, and reconciliation statements for audit review.

Committee Observation

2249. The Committee observed that the matter was adequately addressed and resolved.

e) Budget and Budgetary Controls

2250. During the year under review, Kajiado North Constituency Fund incurred expenditure totaling Kshs.88,794,029 against an approved budget of Kshs.160,683,441 or approximately 55% of the budget resulting in under expenditure of Kshs.71,889,412 as shown below:

Table 59: Kajiado North Constituency, FY 2015/2016 – Budget and Budgetary Controls

Item	Budget Kshs	Actual Kshs	Budget Utilization difference Kshs	% of utilization
Receipts				
AIEs Received	160,407,687	101,505,643	58,902,341	63
Other receipts	176,000	176,000	0	100
Payments				
Compensation of employees	4,107,654	1,837,382	2,270,272	45
Use of goods and services	10,212,653	6,129,287	4,083,366	60
Transfer to other government units	56,077,296	29,690,013	26,387,283	53
Other grants and other payments	86,944,411	50,001,810	36,942,601	58
Acquisition of assets	1,948,536	1,048,542	899,994	54

Item	Budget Kshs	Actual Kshs	Budget Utilization difference Kshs	% of utilization
Other payments	1,392,890	86,995	1,305,895	6
Total	**160,683,441**	**88,794,029**	**71,889,412**	**55**

2251. The under-expenditure indicates that funds not utilized fully and all approved programs were not implemented wholly. The budget did not, therefore, fully meet its objectives of improving delivery of services to the residents of Kajiado-North Constituency.

Management Response

2252. The under-expenditure was occasioned by late disbursements of funds by the Exchequer. The funds were received and implemented efficiently.

Committee Observation

2253. The Committee observed that the matter was adequately addressed and resolved.

4.3.4 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Bank Balance

2254. The statements of assets and liabilities as at 30 June 2017 reflects a bank balance of Kshs.2,899,324. However, both the cash book and bank reconciliation statement reflects a balance of Kshs.2,307,268 as at that date, thus resulting in an unexplained difference of Kshs.592,056. The bank reconciliation as at 30 June 2017 includes unpresented cheques totalling Kshs.4,708,447 out of which cheques amounting to Kshs.2,291,144 had gone stale as at 30 June 2017 but had not been reversed in the cash book. Consequently, the accuracy of the bank balance of Kshs.2,899,324 as at 30 June 2017 cannot be confirmed.

Management Response

2255. The variance was due to stale cheques. The stale cheques were reversed and replaced.

Committee Observation

2256. The Committee observed that the matter was adequately addressed and resolved.

b) Outstanding Imprests

2257. The statements of assets and liabilities also reflect outstanding imprests totalling Kshs.2,188,100 as detailed below:

Table 60: Kajiado North Constituency, FY 2016/2017 – Outstanding Imprests

NAME OF THE OFFICER	DATE OF ISSUE OF IMPREST	AMOUNT-KSH
JANE WAIRIMU	**19/10/2016**	**358,000**
JANE WAIRIMU	**19/12/2016**	**867,500**
JANE WAIRIMU	**3/1/2017**	**812,200**

NAME OF THE OFFICER	DATE OF ISSUE OF IMPREST	AMOUNT-KSH
JANE WAIRIMU	**3/1/2017**	**104,400**
PETER NGUGI	**19/03/2017**	**46,000**
TOTAL		**2,188,100**

2258. The above analysis indicate that one officer was issued with multiple imprests prior to accounting for the previous one's contrary to regulation 93 of Public Financial Management (County Government) Regulations, 2015. No action has been taken to recover the outstanding imprests as provided for under the said regulations. Consequently, full recoverability of outstanding imprests balance of Kshs.2,188,100 as at 30 June 2017 cannot be confirmed.

Management Response

2259. The only staff member qualified to take an imprest and who has a personal number is the fund account manager. Multiple activities were running concurrently; therefore, multiple imprests were required. The imprests were fully surrendered and accounted for as per attached supporting schedules. Most activities were still ongoing at year-end, making it difficult to surrender them while they were still running.

Committee Observation

2260. The Committee observed that the matter was adequately addressed and resolved.

c) Net Financial Position

2261. The statements of assets and liabilities as at 30 June 2017 reflects incorrectly net liabilities instead of net financial position of Kshs.5,087,424, being the difference between the brought forward fund balance of Kshs.20,197,911, prior year adjustment of Kshs.562,321 and the deficit for the year of Kshs.15,672,808. In addition, the nature of prior year adjustment of Kshs.562,321 which is disclosed also at Note 14 to the financial statements has not been fully explained.

Management Response

2262. The template issued for reporting reflected net liabilities instead of net financial position; the template has since been amended and the correct presentation adopted. The cheques that had not been reversed were since reversed and replaced.

Committee Observation

2263. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Performance and Disclosures

2264. Contrary to the requirements of regulation 130 of the Public Finance Management Regulations 2015, no disclosures have been provided by way of footnotes to explain material differences between the budget and actual amounts as detailed below:

Table 61: Kajiado North Constituency, FY 2016/2017 – Budgetary Performance and Disclosures

Audit Component	Final Budget (Kshs)	Actual expenditure (Kshs.)	Budget Utilization Difference (Kshs.)	% Utilization
Receipts				
Transfer from CDF Board	154,176,925	93,030,739	61,146,187	60%
Payments				
Compensation of employees	3,751,991	2,124,298	1,627,694	57%
Other grants and transfers	100,642,651	60,391,916	40,250,736	60%

2265. The statement of receipts and payments and summary statement of appropriation for the year ended 30 June 2017 reflects total actual receipts of Kshs.93,030,738 from the National Government Constituency Development Fund (NGCDF) Board against budgeted receipts of Kshs.154,176,925 in the year under review. The total actual receipts includes Kshs.52,082,462 for projects budgeted in 2015/2016 as shown in Note 1 to the financial statements, implying that Kshs.40,948,277 only was received in respect of projects for 2016/2017 financial year. Consequently, the underfunding by the National Government Constituencies Development Fund Board affected projects implementation resulting in failure by the residents of Kajiado North to enjoy benefits that would have accrued from those projects.

Management Response

2266. The underfunding was occasioned by late approval of proposed projects and, subsequently, late disbursements of funds by the exchequer. The funds were received and implemented efficiently.

Committee Observation

2267. The Committee observed that the matter was adequately addressed and resolved.

4.3.5 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Discrepancies Between Comparative and Audited Financial Statements Figures

2268. The cashflow statement reflects cash and cash equivalent comparative opening balance of Kshs.4,497,068 which differs with the audited financial statements closing balance of Kshs.5,087,424 resulting in unexplained variance of Kshs.590,326. In the circumstances, the statement of cashflows does not reflect a true and fair view of cash flows position for the year ended 30 June 2018.

Management Response

2269. The variance was due to stale cheques. Management reversed and replaced the stale cheques.

Committee Observation

2270. The Committee observed that the matter was adequately addressed and resolved.

b) Budgetary Performance

2271. The summary statement of appropriation: recurrent and development combined reflects a final budget and actual on a comparable basis of receipts of Kshs.143,634,998 and Kshs. 88,850,515, respectively, resulting in underfunding of Kshs. 54,784,483, or 38%. The underfunding is because of the National Government Constituencies Development Fund Board's failure to disburse the funds.

Management Response

2272. The funding was due to late disbursement of funds from the exchequer. The money was then received, and all the projects were implemented to completion.

Committee Observation

2273. The Committee observed that the matter was adequately addressed and resolved.

c) Purchase of Land

2274. The statement of receipts and payments reflects payments of other grants and transfers of Kshs.58,456,243 (2017- Kshs.60,391,916) and disclosed under Note 7 to the financial statements. Included in this amount is Kshs.35,953,900 in respect of security. Audit revealed that the security fund committee purchased three parcels of land previously budgeted for in the 2016/2017 financial year. However, as at February 2019 ownership of the land parcels had not been affected to the National Treasury despite most of the acquisition processes having been fully completed. There is risk of the land parcels being grabbed if the transfer is not completed.

Management Response

2275. The NG-CDF Board approved Kshs 35,953,900 as the cost of purchasing the land, including stamp duty and processing fees. The NG-CDF Committee ensured that the land purchase was completed.

Committee Observation

2276. The Committee observed that the matter was adequately addressed and resolved.

d) Delay in Completion of Classrooms at PCEA Ngong Hills Secondary School

2277. The Fund contracted for construction of 2 classrooms at PCEA Ngong Hills secondary school at a sum of Kshs.3,345,057 on 7 June 2016. However, the contract agreement in place did not specify the contract duration. Physical verification carried out on 27 February 2019 revealed that the works had been abandoned with slow progress on the part of the contractor. Information available indicate that request for termination of contract had been filed by school management vide letter dated 16th October 2018. There were no written correspondences between the contractor and the Fund in file for the significant delay in completing the works.

Management Response

2278. As stated above, the contract sum for the construction of 2 classrooms with a suspended slab was kshs.3,345,054.20. However, the project was allocated funds in two financial years: 2014/2015 and 2017/2018. The delay in implementing the project is due to a time difference in the availability of funds to the contractor. The NG-CDF Committee has determined that price variations have cost the contractor, as he completed the substructure and superstructure up to the suspended slab with the first allocation of 1,600,000. The Committee could not terminate the contract as this would have resulted in legal challenges. The project is now 100% complete and in use.

Committee Observation

2279. The Committee observed that the matter was adequately addressed and resolved.

e) Delay in Completion of Projects

2280. The statement of receipts and payments reflects transfers to other government units of Kshs.13,290,263 (2017 - Kshs.35,409,483) towards projects in secondary schools. Physical verification on 27 February 2019 on a sample of 11 projects revealed that although the contractors were on site, there was slow progress in implementation of the projects as indicated below:

Table 62: Kajiado North Constituency, FY 2017/2018 – Delay in Completion of Projects

Project Name	Description	Expected Completion Date	Budget Amount (Kshs.)	Actual Amount (Kshs.)
Empakase secondary	Construction of 3 classrooms with an existing floor slab	2017/2018	2,500,000	2,500,000
Olekasasi Police Post	construction from floor slab to suspended floor slab	2017/2018	5,500,000	5,500,000
Embulbul Secondary	Renovation of 3 classrooms with a suspended floor slab	2017/2018	2,500,000	2,500,000

2281. No explanations have been rendered for the slow progress. In the circumstances, I am unable to confirm whether value for money will be realized from the expenditure incurred on the three (3) projects.

Management Response

2282. During the period under review, all the projects in question were ongoing; they were later completed and are now in use.

Committee Observation

2283. The Committee observed that the matter was adequately addressed and resolved.

f) Monthly Bank Reconciliation Statements

2284. Contrary to the Public Finance Management (National Government) Regulations, of 2015 number 90(1), the Fund did not prepare monthly bank reconciliation statements. To this extend, the is in breach of the law.

Management Response

2285. The bank reconciliation was prepared and availed to the auditor for review.

Committee Observation

2286. The Committee observed that the matter was adequately addressed and resolved.

4.3.6 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Discrepancies in the Financial Statements

2287. The statement of receipts and payments reflects use of goods and services opening balance of Kshs.6,920,595 against the audited closing balance for the previous year totalling Kshs.6,717,361, resulting to an unreconciled difference of Kshs.203,234. Further, the statement reflects an opening balance totalling Kshs.60,183,559 under other grants and transfers against a closing audited balance totalling Kshs.58,456,243 for the previous year resulting to unreconciled variance of Kshs.1,727,316. In addition, the statement of assets and liabilities reflects a cash and cash equivalent of Kshs.10,172,680 against the reconciled cash book balance of Kshs.10,164,680 resulting to an unreconciled variance of Kshs.7,999.

Management Response

2288. The difference in the comparative figures resulted from a clerical error and did not affect the current year's financial statements. However, management noted this and has committed to avoid it in the future. The actual closing balance was the balance reflected in the reconciled cashbook balance. The error was noted and corrected in the subsequent year.

Committee Observation

2289. The Committee observed that the matter was adequately addressed and resolved.

b) Improper Presentation of Net Financial Position Balance

2290. The statement of assets and liabilities as at 30 June, 2019 reflects financial assets totalling Kshs.10,172,680 and nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the sum is presented in the statement as a net liability instead a net financial position balance and has therefore distorted the true and fair view of the financial statements.

Management Response

2291. The template issued for reporting reflected net liabilities instead of net financial position; the template has since been amended and the correct presentation adopted.

Committee Observation

2292. The Committee observed that the matter was adequately addressed and resolved.

c) Undisclosed Project Management Committee Bank Balances

2293. Examination of bank records indicated that the Project Management Committee bank account held an aggregate balance of Kshs.10,786,025 as at 30 June, 2019 which, however, was not included in the disclosed cash and cash equivalents balance totalling Kshs.10,172,680 reflected in the financial statements. Consequently, the accuracy and completeness of cash and cash equivalents balance presented in the financial statements could not be confirmed.

Management Response

2294. At the time of reporting, the PMC balances were not reported as part of the cash and cash equivalents in the financial statements. Instead, they were presented as disclosures to the financial statement. The PMC bank balances schedule has been presented to the auditor for review.

Committee Observation

2295. The Committee observed that the matter was adequately addressed and resolved.

d) Lack of Employee Contracts

2296. The statement of receipts and payments for the year ended 30 June, 2019 reflects compensation of employee's expenditure for the year totalling Kshs.1,895,120. However, examination of personnel files revealed that the Fund had not signed any employment contracts with its employees, contrary to Section 9(2) of Employment Act, 2007. As a result, Management has retained the employees in breach of the law.

Management Response

2297. Employees contract letters have been presented to the auditor for verification.

Committee Observation

2298. The Committee observed that the matter was adequately addressed and resolved.

e) Delayed Construction of a Fence at Ngong Technical and Vocational Training Institute

2299. Expenditure records indicated that Kajiado North NG-CDF transferred Kshs.2,000,000 to Ngong Technical and Vocational Training Institute on 26 July, 2019 for construction of a fence. However, at the time of the audit in January, 2020, the project had not commenced despite the funds having been deposited in the Project Management Committee's bank Account. No explanation was provided for the delay in implementing the project that would have enhanced security at the Institute.

Management Response

2300. The delay was due to delays in the procurement process. The project was implemented and completed.

Committee Observation

2301. The Committee observed that the matter was adequately addressed and resolved.

f) Underutilized Information Technology Centres

2302. The expenditure records further indicated that Kshs.4,677,027 was spent on setting up Information Communication Technology (ICT) centres for use by residents in various locations of the Constituency. However, examination of records revealed that, four ICT connections were implemented at Chief's Camps, Ngong Chiefs Camp, Embulbul Chiefs Camp and Ongata Rongai Social Hall. However, there was no sitting space for internet users at three centres namely Kware Chiefs Camp, Ngong Chiefs Camp and Embulbul Chiefs Camp. In the circumstance, the Centres were underutilized and the residents were not getting value for money on the funds spent to establish and maintain the facilities.

Management Response

2303. The purpose of the project was to serve the community at their places of work and not to have them in the ICT centres. Therefore, the sitting areas were not necessary and not part of the project.

Committee Observation

2304. The Committee observed that the matter was adequately addressed and resolved.

g) Incomplete Transfer of Land

2305. Kajiado NG-CDF transferred Kshs.34,953,900 for purchase of three plots of land budgeted for in the 2016/2017 financial year. In the year under review, the Fund set aside Kshs.668,000 in the budget for transfer of the parcels of land but the funds were not used. As a result, ownership of the land was not transferred to the National Government CDF Board despite the process for its acquisition having been completed. The land is therefore at risk of encroachment and further the purposes for which the funds totalling Kshs.35,621,900 were spent have not been attained

Management Response

2306. The NG-CDF Board approved Kshs. 35,953,900 as the cost of purchasing the land, including stamp duty and processing fees. The NG-CDF Committee ensured that the land purchase was completed.

Committee Observation

2307. The Committee observed that the matter was adequately addressed and resolved.

4.3.7 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Inaccuracies in the Financial Statements

2308. During the year under review, the financial statements presented for audit review revealed the following inaccuracies: The statement of receipts and payments reflects transfers from the National Government Constituencies Development Fund (NGCDF) Board of Kshs.123,540,876 against summary statement of appropriation - recurrent and development combined of Kshs.135,373,556 resulting to unreconciled variance of Kshs.11,832,680.

2309. The statement of assets and liabilities reflects a Nil balance for accounts payables against staff payables of Kshs.147,135 as disclosed in Note 17.2 to the financial statements reports staff payables of Kshs.147,135 resulting to unreconciled variance of Kshs.147,135. In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

2310. This constitutes Ksh. 10,164,640, which is the opening balance as at 1st July 2019 and a prior-year adjustment of Ksh. 1,668,000 for cheques 19218, 19219, 19220 and 14203, which were reversed but not replaced during the year. At the reporting date, the liabilities were not reported in the face of the financial statements but were disclosed. The staff payables relate to staff gratuity.

Committee Observation

2311. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Expenditure

2312. As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects an expenditure of Kshs.2,492,127 in respect to compensation of employees against supporting schedules amounting to Kshs.2,275,463 resulting to an unreconciled variance of Kshs.183,336. In the circumstances, the accuracy of the compensation of employees amounts of Kshs.2,492,127 could not be confirmed.

Table 63: Kajiado North Constituency, FY 2019/2020 – Unsupported Expenditure

Item	Financial Statements 2019/2020 (Kshs.)	Schedules (Kshs.)	Variance (Kshs.)
Basic wages of temporary employees	1,620,524	1,505,516	115,008
Personal allowances paid as part of salaries	44,550	343,194	-298,644
Employer Contributions compulsory national social security schemes	25,300	25,000	300
Total	**2,492,127**	**2,675,463**	**-183,336**

Management Response

2313. The documents supporting the figures were provided for audit review.

Committee Observation

2314. The Committee observed that the matter was adequately addressed and resolved.

c) Misstatement of Unutilized Funds

2315. Note 17.3 to the financial statements reflects total unutilized fund balance of Kshs.11,018,383 as at 30 June, 2020. However, the amount was inconsistent with the actual budget utilization difference of Kshs.89,590,508 reflected in the summary statement of appropriation - recurrent and development combined resulting to unexplained variance of Kshs.78,572,125. This is contrary to Section 7(2) of the National Government Constituencies Development Fund Act, 2015 which states that all receipts, savings and accruals to the Fund

and the balance of the Fund at the end of each financial year shall returned to the Fund. In the circumstances, the accuracy of the unutilized funds of Kshs.11,018,383 could not be confirmed.

Management Response

2316. Management provided an updated schedule of the unutilized balances reconciling to the budget execution for the auditor's review.

Committee Observation

2317. The Committee observed that the matter was adequately addressed and resolved.

d) Unpresented Bursary Cheques

2318. According to the approved project code-list provided, the Fund had budgeted to spend Kshs.27,305,008 on bursaries to Secondary and Tertiary institutions. An audit review of the bank reconciliation statements revealed that cheques totalling Kshs.23,232,485 had not been presented as at 30 June, 2020. However, the cheques had not been presented as at the time of audit, in February 2021. In the circumstances, the validity of these payments of Kshs.23,232,485 for the year ending 30 June, 2020 could not be ascertained.

Management Response

2319. The COVID-19 pandemic was and has been a huge challenge not only in Kajiado North but worldwide. The Ministry of Education halted school sessions in March 2020. At the time, NCDFC was in preparation of Bursary cheques. The cheques were eventually presented to the bank.

Committee Observation

2320. The Committee observed that the matter was adequately addressed and resolved.

e) Budgetary Control and Performance

2321. The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.204,805,280 and Kshs.135,437,556, respectively, resulting to an under-funding of Kshs.69,367,724 or 34% of the budget. Similarly, the fund expended Kshs.123,604,876 against an approved budget of Kshs.204,805,280 resulting in an under expenditure of Kshs.81,200,404 or 40% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on dervice delivery to the public.

Management Response

2322. The underfunding was due to late disbursement of the funds from the exchequer; the funds were later received, and projects were implemented to completion and are currently complete and in use.

Committee Observation

2323. The Committee observed that the matter was adequately addressed and resolved.

f) Delay in Project Implementation

Delay in Construction of a Classroom at Oloolua Primary School

2324. During the year under review, the Fund allocated Kshs.1,000,000 as per the 2019/2020 approved project list for the construction of one new classroom. However, an audit inspection carried out in the month of February, 2021 revealed that the project is yet to commence. Further, an analysis of the cashbook showed that Kshs.1,000,000 was transferred to the Project Management Committee account on 11 December, 2019. No sufficient reason has been given for the delay in the commencement of the project.

Delay in Construction of a Laboratory at Olekassasi Secondary School

2325. During the year under review, the Fund allocated Kshs.3,000,000 as per the 2019/2020 approved project list for the construction of a laboratory. However, an audit inspection carried out in the month of February, 2021 revealed that the project is yet to commence. The Management of the Fund did not give sufficient reason why the project had not commenced. In the circumstances, value for money in the implementation of the project has not been realized.

Management Response

2326. The project was delayed because of the COVID-19 pandemic, which caused significant disruption to government business. However, the project was advertised on 18/10/2022 and the last moiety retention was paid on 4/10/23. The project was delayed due to disagreements within the school management board, which hampered PMC activities. The funds were eventually wired back to the main account in the 2024/2025 FY after countless attempts to utilize the funds. The school has, however, written a new proposal after the appointment of a new BOM, which the NGCDF Committee will consider once it receives authority to spend the funds reported as savings from PMC in 2024/2024FY.

Committee Observation

2327. The Committee observed that the matter was adequately addressed and resolved.

g) Lack of Public Participation

2328. The audit review revealed that the Fund purchased two (2) parcels of land for the construction of Chiefs' camp at Kiserian and Mosoi Range at the cost of Kshs.20,000,000 and Kshs.8,000,000, respectively. Further, the review revealed that there were no user requisitions and public participation to discuss the purchase of the land. This is contrary to Section 162(4) of the Public Procurement and Assets Disposal Act, 2015 and Section 6(1) of the Public Finance Management (National Government) Regulations, 2015. In the circumstances, the Fund is in breach of the law.

Management Response

2329. The NGCDF Committees use public participation reports as the basis for requisitions from users; the reports have been provided to the auditor for review. The said Kiserian Chiefs camp is also called Oloosurutia Chiefs Camp, and the names are used interchangeably, as reflected in the public participation report.

Committee Observation

2330. The Committee observed that the matter was adequately addressed and resolved.

h) Errors in Presentation and Disclosure of the Financial Statements

2331. Review of the financial statements for the National Government Constituencies Development Fund - Kajiado North Constituency as presented revealed the following errors: i. Summary statement of appropriation for both the recurrent and development expenditures are not separately disclosed; ii. Tax receipts policy which is not applicable to the National Government Constituencies Development Fund has been included as part of significant accounting policies in page 39; Consequently, the financial statements as presented do not comply with International Public Sector Accounting Standard No.1 on presentation of financial statements and the Public Sector Accounting Standards Board guidelines and format.

Management Response

2332. The template provided does not separate the expenditures into recurrent and development; however, the statement of budget execution clearly separates the expenditures into recurrent and development. The inclusion of the tax receipts policy was an error, which did not affect the correctness and accuracy of the financial statements.

Committee Observation

2333. The Committee observed that the matter was adequately addressed and resolved.

4.3.8 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Inaccuracies in the Financial Statements

2334. Review of the financial statement reflects unexplained variances between opening balance and balances in the prior year audited financial statements as analysed below:

Table 64: Kajiado North Constituency, FY 2020/2021 – Inaccuracies in the Financial Statements

Item	Comparative Balance in 2020/2021 (Kshs.)	2019/2020 Audited Amount (Kshs.)	Variance (Kshs.)
Gratuity (Note 17.2)	-	147,134.68	(147,134.68)
Unutilized Funds (Note 17.3)	89,590,507.40	11,018,382.94	78,572,124.46
PMC Account (Note 17.4)	14,146,270.00	14,155,635.60	(9,365.60)
Acquisition of Assets (Note 8)	870,419.00	(870,419.00)	1,740,838.00

2335. Further, Annex 5, reflects a Project Management Committee (PMC) bank balance of Kshs.22,624,443 instead of a balance of Kshs.38,660,594. The variance of Kshs.16,036,151

was not explained. In the circumstances, the accuracy of the financial statements could not be confirmed.

Management Response

2336. The variances arose from clerical errors, and management confirms that the actual balances match the balances in the audited financial statements. Management committed to avoiding a recurrence in the future.

Committee Observation

2337. The Committee observed that the matter was adequately addressed and resolved.

b) Under-Allocation of Bursary Funding

2338. Note 7 to the financial statements on other grants and other payments reflects bursary to secondary schools and tertiary schools totalling Kshs.2,877,001 and Kshs.865,000 respectively, resulting to total disbursements of Kshs.3,742,000 or 2% of the total funds received by the constituency of Kshs.163,990,507. This is contrary to Regulation 21(5) of the National Government Constituencies Development Fund Regulations, 2015 which provide for bursaries allocation of not less than twenty-five percent of the funds allocated to a constituency. Further, the analysis of bursary to secondary schools totaling Kshs.2,877,001 revealed transfers to the Fund Account Manager of Kshs.472,000 and Kshs.665,500 dated 16 June, 2020 and 6 June, 2021 respectively. No explanation was provided for the transfers. In the circumstances, Management was in breach of the law.

Management Response

2339. The amounts in question are the actual amounts of bursaries disbursed; the bursary allocation was Ksh.36,000,000. Therefore, management was not in breach of law.

Committee Observation

2340. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Sports Projects Expenditure

2341. Note 7 to the financial statements reflects other grants and other payments amount of Kshs.37,128,444 which include Kshs.2,074,500 incurred for sports projects. Review of records provided revealed that Kshs.843,000 was paid for the supply of assorted sports equipment. However, the user requisitions, delivery notes and distribution list were not provided for audit review. Further, the reported amount also includes expenditure amounting to Kshs.1,211,500 whose payment vouchers were not provided for audit. In the circumstances, the accuracy and completeness of the expenditure of Kshs.2,074,500 on sports projects could not be confirmed.

Management Response

2342. The user requisitions, delivery notes, distribution list and payment vouchers were provided for audit.

Committee Observation

2343. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Environment Projects Expenditure

2344. Review of records provided revealed that Kshs.2,700,000 was incurred under environment projects for the purchase of seedlings for planting within twenty-seven (27) schools in the Constituency. However, the method of procurement and the suppliers involved were not disclosed. Also, the payments were not supported with inspection reports and cash sale receipts or invoices from the suppliers. In the circumstances, the accuracy and completeness of the expenditure of Kshs.2,700,000 on environment projects could not be confirmed.

Management Response

2345. The schools implemented the project directly. The auditor was provided with inspection reports and supplier invoices for review.

Committee Observation

2346. The Committee observed that the matter was adequately addressed and resolved.

e) Unsupported Prior Year Adjustments

2347. The statement of assets and liabilities reflects a prior year adjustments balance of Kshs.898,603 indicated in Note 14 to the financial statements being accumulated unpresented bursary cheques from previous financial years that were reversed back in the cash book and vote book at the end of the financial year. However, the schedule of the unpresented cheques, cash book and vote book entries were not provided for audit. In the circumstances, the accuracy and completeness of the prior year adjustments of Kshs.898,602 could not be confirmed.

Management Response

2348. Management provided the schedule of unpresented cheques, cash book, and vote book entries for audit.

Committee Observation

2349. The Committee observed that the matter was adequately addressed and resolved.

f) Unsupported Cash and Cash Equivalents Balance

2350. The statement of assets and liabilities and Note 10 to the financial statements reflects cash and cash equivalents balance of Kshs.65,077,686 as at 30 June, 2021. The bank reconciliation statement provided for audit reflects unpresented cheques of Kshs.5,552,795. The details as to when the respective cheques cleared were not provided for audit. Further, the reconciliation statement reflects an amount of Kshs.13,000,000 as receipts in bank statement not in the cash book. No explanation was provided for failure to receipt the amount. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.65,077,686 could not be confirmed.

Management Response

2351. The funds were received into the cashbook in October 2021.

Committee Observation

2352. The Committee observed that the matter was adequately addressed and resolved.

g) Budgetary Control and Performance

2353. The summary statement of appropriation reflects a final expenditure budget of Kshs.226,679,387 against actual expenditure of Kshs.99,811,424 resulting in budget under-utilization of Kshs.126,867,963 or 64% of the approved budget. In addition, the Fund budgeted to receive Kshs.226,679,387 from the Constituencies Development Fund Board out of which the Board remitted Kshs.163,990,507 resulting in a deficit of Kshs.62,688,880 or 28% of the budget. In the circumstances, the Fund did not implement planned and approved projects thereby denying residents of Kajiado North Constituency services.

Management Response

2354. There was a delay in disbursement of funds; however, the funds were received and projects implemented to completion.

Committee Observation

2355. The Committee observed that the matter was adequately addressed and resolved.

h) Stalled Project

2356. As disclosed under Note 9 to the financial statements, the statement of receipts and payments reflects other payments amount of Kshs.3,000,000 which was in respect to construction of a social hall. However, audit inspection in May, 2022 revealed that the Project had stalled and the contractor had abandoned the site. No explanation or documentation was provided on the cause of the current status and/or the way forward. In the circumstances, the value for money of the expenditure of Kshs.3,000,000 could not be confirmed.

Management Response

2357. The project was completed and is in use.

Committee Observation

2358. The Committee observed that the matter was adequately addressed and resolved.

i) Un-Implemented Projects

2359. Review of budget execution by sectors and projects revealed that various projects under other grants and transfers were approved by the Board and allocated funds for implementation during the year under review. However, as at the 30 June, 2021, nine (9) projects with an allocation of Kshs.22,500,000 had not been implemented. In the circumstances, Kajiado North constituents may not get value for money from the incomplete projects.

Management Response

2360. The projects were completed and are in use.

Committee Observation

2361. The Committee observed that the matter was adequately addressed and resolved.

j) Transfers to Other Government Units

2362. The statement of receipts and payments reflects transfers to other Government units' amount of Kshs.49,045,240. Review of records provided revealed the following: Embullbul Primary was allocated Kshs.1,500,000 as per the financial statements while the project status report reflects an actual disbursement of Kshs.1,200,000.The financial statements reflect that no

funds were disbursed towards projects in Enoomatasia Primary, Kerarapon Primary and Nkaimurunya Primary in the year under review, while the status implementation report indicates that Kshs.6,000,000 was issued towards the schools' projects in Enoomatasia Primary, Kerarapon and Nkaimurunya are 100%, 70% and 60% complete respectively.

2363. The financial statements indicate that Nakeel and Ongata Rongai Primary Schools each received Kshs.2,000,000 while the project status reports indicate that no funds were disbursed towards the school projects in the year under review. As per the project status reports, Kiserian Secondary School and Nkoroi Secondary received Kshs.3,000,000 each and the projects are at 60% and 80% complete respectively while the financial statements reflect that no funds were disbursed in the year under review. Funds totalling Kshs.16,089,220 or 60% of funds disbursed to secondary schools, were in respect to Catholic Diocese of Ngong Secondary School, Embulbul Mixed day, Enoomatasiani Girls, Kerarapon, Nkaimurunya, Nkoroi Mixed and Olekasasi but whose project details and current status reports were not provided for audit review.

2364. Under security projects, Kahuho Chiefs Office, Kajiado North Deputy Commissioner Public Toilet, Kiserian and Ongata Rongai Chiefs' Offices projects have their funds disbursed and the projects on going in the status report while according to the financial statements the projects funds totalling to Kshs.6,100,000 were not disbursed. Further, as per the budget execution by sectors and projects, Oloika Police Station received an amount of Kshs.8,600,000 against a budget of Kshs.7,100,000 but the approval for the over expenditure was not provided.

2365. Included in transfers to Secondary schools' balance of Kshs.26,689,220, are provisional funds totaling to Kshs.1,530,000 to various contractors for ten (10) constructions projects. However, the sums remained unaccounted for and examination of sampled payment vouchers revealed that the contracts and award letters for four constructions projects had varying amounts. Further, it was noted that the amounts paid for five projects were different from the awarded amounts. In addition, four contracts' documents were not provided for audit. No explanations were provided for the anomalies. In the circumstances, the accuracy of the transfers to other government units balance could not be confirmed.

Management Response

2366. This resulted from late disbursement of funds for the said projects. The PIS given for audit review reflected the status as at the time of audit, not as at the closure of the financial year under review; therefore, the inconsistencies. The projects are complete and in use. The projects have since been completed and are in use. Kshs. 1,530,000 pertains to PMC administrative expenditure, which should be within 5% of the project cost bracket. The funds were paid to the PMCs . Secondary schools' projects funded are complete and in use.

Committee Observation

2367. The Committee observed that the matter was adequately addressed and resolved.

4.3.9 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Unreconciled Records for Funds Transfer from the Board

2368. The statement of receipts and payments reflects transfers from the National Government Constituencies Development Fund Board of Kshs.174,093,879. However, the Board website

indicates that an amount of Kshs.152,093,879 was disbursed to the Constituency. The difference of Kshs.22,000,000, relates to AIE No. B105785 not reported in the Board website which has not been explained or reconciled. In the circumstances, the accuracy and completeness of the transfers from the National Government Constituencies Development Fund Board of Kshs.174,093,879 could not be confirmed.

Management Response

2369. The Authority to Incur Expenditure of Kshs.22,000,000.00; AIE NO. B105785 was received at the NG-CDF office. The Board did not update/upload the information on the NG-CDF website.

Committee Observation

2370. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Use of Goods and Services Expenditure

2371. The statement of receipts and payments reflects use of goods and services amount of Kshs.13,754,821 as disclosed in Note 5 to the financial statements. Review of a sample of transactions totalling to Kshs.7,115,856, drawn from the ledger revealed that expenditure of Kshs.2,133,550 was not supported by payment vouchers. In the circumstances, the accuracy and regularity of expenditure of Kshs.2,133,550 could not be confirmed.

Management Response

2372. The payment voucher has since been provided for audit review.

Committee Observation

2373. The Committee observed that the matter was adequately addressed and resolved.

c) Inaccuracy and Lack of Valuation for Fixed Assets

2374. Annex 4 on summary of fixed asset register reflects total assets of Kshs.19,311,749 as at 30 June, 2022 which differs with the asset register balance of Kshs.20,184,168 resulting to an unreconciled variance of Kshs.872,419. Included in the asset register are balances of Kshs.11,351,623 and Kshs.4,494,676 for building and motor vehicle, respectively whose valuation reports were not provided for audit. In circumstances, the accuracy and completeness of the fixed assets balance of Kshs.19,311,749 could not be confirmed.

Management Response

2375. The identified error of Kshs.872,419.00 is a recurring misinterpretation carried down from previous years' financial statements. The Committee provided the auditor with an amended asset register for review. Management awaits guidelines from the NGCDF on the valuation of buildings and motor vehicles.

Committee Observation

2376. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Control and Performance

2377. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.264,855,444 and Kshs.239,171,565 respectively, resulting to an underfunding of Kshs.25,683,879 or 10% of the budget. Similarly, the Fund spent

Kshs.225,777,249 against an approved budget of Kshs.264,855,444 resulting to an underperformance of Kshs.39,078,195 or 15% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2378. The underfunding was caused by delays in the Exchequer's disbursement of funds. The funds were received and utilised effectively.

Committee Observation

2379. The Committee observed that the matter was adequately addressed and resolved.

e) Failure to Implement Projects

2380. The statement of receipts and payments reflects other payment of Kshs.3,000,000 as disclosed in Note 9 to the financial statements for the year under review and comparative. The expenditure relates to partitioning and installation of ICT hubs at Embulbul Chief's Office, Ngong and Ongata Rongai for which the funds were transferred from constituency fund to project management committee account. However, the projects were not implemented and the funds were not returned to the Constituency Fund Account. Further procurement for the projects had also not been done as at the time of audit in the month of March,2023. In the circumstances, the public did not get value for money allocated for the projects.

Management Response

2381. Embulbul Chief's Office ICT hub procurement to identify the lowest evaluated bidder to undertake the construction was ongoing at the time of the audit. The process is scheduled to be completed soon to facilitate commencement of the project. The Ngong ICT hub was put on hold to allow completion of the Kajiado North Social Hall. The former NG-CDF committee proposed domiciling the ICT Hub in the social hall after unsuccessful attempts to secure space at the New Ngong Market. The project has been completed and is in use. The Ongata Rongai ICT Hub lacked space. The only available and accessible government facility within Ongata Rongai was Talanta Hall, which, after several assessments by a select committee of the NG-CDF and the Clerk of Works, was found inadequate to accommodate the 35 computer workstations and chairs. After much deliberation, the Hub was stationed at Olekassasi Polytechnic and is fully implemented.

Committee Observation

2382. The Committee observed that the matter was adequately addressed and resolved.

f) Unsupported Procurement Process for Projects

2383. The statement of receipts and payments reflects transfers to other Government units of Kshs.58,720,338 as disclosed in Note 6 to the financial statements. Review of procurement documents for the projects implemented revealed the following irregularities:

Ngong Technical and Vocational College Project

2384. The project was awarded to a contractor at a contract sum of Kshs.5,600,000 for construction of three (3) classrooms with terrazzo floor. Review of the procurement documents revealed that advertisement was not done in National media though it met the threshold of the National tender.

Empakase Secondary School Project

2385. The project was awarded to a contractor at a contract sum of Kshs.5,600,000 for construction of the three (3) classrooms on top of suspended floor slab and staircase to completion. Review of procurement documents revealed that advertisement was not done in National media though it met the threshold for the National tender. Further, notification was done on 9 November, 2021 however, the contract signed after forty-eight (48) days, on 27 January, 2022, instead of within 30 days. The statement of account indicated payment for extra works of Kshs.461,970, which was not approved by the Fund Board.

Enoomatasiani Girls Secondary School Project

2386. The project was awarded to a contractor at a contract sum of Kshs.5,587,840 for the construction of three (3) classrooms with terrazzo floor. However, it is not clear on why the lowest evaluated bidder at Kshs.4,715,644 was not awarded the contract. Further, review of the procurement documents revealed that advertisement was not done in National media though it met the threshold for the National tender. In the circumstances, the regularity of the procurement process that includes competitiveness could not be confirmed.

Management Response

2387. Copies of Advertisements, duly signed Opening and evaluation minutes by Committee members, professional opinion, Engineer estimates and scoring sheets are attached. Notification of intention to award was done on 9/11/2021, but the contract was signed on 27/1/2022; hence, a lapse of 48 days instead of within 30 days. Management clarified that the 48-day lapse between notification and contract signing was due to the National Kenya Certificate of Secondary School Examinations taking place during the period, which barred outsiders from accessing the school. As a result, the contract signing was delayed. The extra works were occasioned by the site. The school is generally in a rocky area with varying ground elevations. To level the classrooms on flat ground, a rock drill machine and excavator were used. The Kshs.461,970 cost was considered a variation on site; hence, it was not approved by the NG-CDF Board. Contract awarded to Carnegie Ltd of Kshs.5,587,840 instead of Hamilton Ltd Company, which quoted Kshs. 4,755,644, the lowest, because the latter's National Construction Authority (NCA) certificate was noted as expired and not renewed during the evaluation of bidders meeting.

Committee Observation

2388. The Committee observed that the matter was adequately addressed and resolved.

g) Un-approved Emergency Projects

2389. The statement of receipts and payments reflects other grants and transfers of Kshs.147,347,583 as disclosed in Note 7 to the financial statements. Included is expenditure on emergency projects of Kshs.9,716,902. However, Management did not prepare returns and reports of the emergency projects and presented to the National Government Constituencies Development Fund Board for approval within thirty (30) days 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.

Management Response

2390. The letter informing the auditor of the occurrence of the emergency has since been availed for review.

Committee Observation

2391. The Committee observed that the matter was adequately addressed and resolved.

h) Irregular Expenditure on Emergency Fund

2392. The statement of receipts and payments reflects other grants and transfers amount of Kshs.147,347,583 which includes payments for emergency projects of Kshs.9,716,902 as disclosed in Note 7 to the financial statements. The expenditure includes three (3) payments, which are not of emergency nature, as prescribed by the Act and as detailed below. Payment of Kshs.595,000 for repairs of Fund motor vehicle. Payment of Kshs.660,000 which was not supported by payment voucher and pertinent documents. Transfers of Kshs.1,000,000 to Kajiado North NGCDF Social Hall PMC account for the construction of social hall. In the circumstances, Management was in breach of the law.

Management Response

2393. The committee approved payment to Trio Tech Works of Ksh.595,000 for the repair of the GK vehicle. The vehicle had an unexpected engine knock, and the available administration funds were not enough to undertake an engine overhaul. Since the vehicle was instrumental in office errands and routine monitoring and evaluation, the committee used emergency funds to salvage the situation. Supporting payment vouchers and documents to Elite Freynne Builders LTD amounting to Ksh.660,000 were provided for audit review. The office has provided the reallocation of funds letter from Emergency to Kajiado North NG-CDF social hall.

Committee Observation

2394. The Committee observed that the matter was adequately addressed and resolved.

i) Unconfirmed Appointment of the Committee

2395. The statement of receipts and payments reflects use of goods and services amount of Kshs.13,754,821 as disclosed in Note 5 to the financial statements. This amount includes other committee expenses and committee allowances of Kshs.3,445,350 and Kshs.3,772,000 respectively. However, the appointment letters for the committee members were not provided for audit. In the circumstances, the regularity of the appointment of the committee members could not be confirmed.

Management Response

2396. The committee appointment letters have been provided to the auditor for review.

Committee Observation

2397. The Committee observed that the matter was adequately addressed and resolved.

j) Unsatisfactory Project Implementation

2398. The statement of receipts and payments reflects transfers to other government units and other grants and transfers of Kshs.58,720,338 and Kshs.147,347,583 respectively which includes expenditure on projects. Field visits conducted in the month of March, 2023 revealed the following anomalies:

Poor Workmanship at Ngong Chief's Office Project

2399. The construction of Ngong Chiefs office was allocated Kshs.1,250,000. However, site visit revealed that the office walls had cracks.

Kiserian Primary School Project

2400. The project for construction of two (2) classrooms to completion cost Kshs.2,000,000. The project was complete and in use. However, the veranda along the classes was chipped.

Kiserian Mixed Day Secondary School Project

2401. The project for the construction of three (3) classrooms to completion cost Kshs.3,000,000. The project was complete and in use. The classroom floors, however, were chipped. Further, there were cracks on the walls and six (6) fluorescent bulbs out of the twenty-one (21) in the contract were not fitted.

Rongai Chief's Office Project

2402. The project was allocated Kshs.7,000,000 for purchase of land and renovation of a chief's office. The project was complete and branded and not in use. This was attributed to lack of sanitation facilities. In the circumstances, value for money for the projects implemented was not obtained.

Management Response

2403. Ngong Chief's Office - The defects were within the defect liability period at the time of the audit. They were repaired and have since been in use. Construction of Kiserian Primary School was under the defect liability period, and 5% of the contract sum had been withheld for such unforeseen eventualities. The Kajiado North NG-CDF office liaised with the respective contractors and the Directorate of Public Works and ensured the defects were made good. The project was later completed and is currently in use. Kiserian Mixed Day Secondary School – management provided written instructions to the contractor to install the 6 missing fluorescent tubes. As for the cracks noted, the project was under the Defects Liability period at the time of the audit. After noting the anomalies, the contractor was instructed to make good the defects before the period expired; they complied, and all defects were made good. The project was allocated funds, was implemented and is currently in use.

Committee Observation

2404. The Committee observed that the matter was adequately addressed and resolved.

k) Project Implementation Status

2405. Review of project implementation status as at 30 June, 2022 revealed that the management proposed to implement sixty-nine (69) projects with a total allocation of Kshs.136,146,672, out of which, fifty (50) projects valued Kshs.47,598,034 were complete while nineteen (19) projects valued Kshs.88,548,638 were on-going. Review of the approved code list revealed that eighty-one (81) projects, valued at Kshs.137,088,879 had been approved for implementation resulting to a variance of twelve (12) projects. In the circumstances, the constituents did not get value for money for the projects not completed and the number of projects planned for implementation could not be confirmed.

Management Response

2406. All the ongoing projects were completed in the subsequent financial year and are currently in use .

Committee Observation

2407. The Committee observed that the matter was adequately addressed and resolved.

4.3.10 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Unsupported Bursary Disbursements

2408. The statement of receipts and payments reflects an amount of Kshs.51,655,379 in respect to other grants and transfers as disclosed Note 8 to the financial statements. The amount includes bursaries to secondary schools and tertiary institutions amounting to Kshs.41,093,408 out of which Kshs.11,184,408 were not supported with the list of beneficiaries. Further, no acknowledgement letters from beneficiary institutions were provided for audit. In the circumstances, the accuracy and completeness of bursary disbursement of Kshs.41,093,408 could not be confirmed.

Management Response

2409. A list of bursary beneficiaries, acknowledgement letters and bank statements were provided to the auditor for review.

Committee Observation

2410. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Project Management Committee Balances

2411. Note 19.4 and Annex 5 to the financial statements reflects Project Management Committee (PMC) bank balance totalling Kshs.21,333,980. However, the cash books, bank reconciliation statements and certificates of bank balances for the individual PMC accounts were not provided for audit. In the circumstances, the accuracy and completeness of the PMC bank balances of Kshs.21,333,980 could not be confirmed.

Management Response

2412. The cashbooks, bank reconciliation statements and certificates of bank balances had not been received at the office at the time of audit. However, they have been received and made available to the auditor for review.

Committee Observation

2413. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance

2414. The summary statement of appropriation reflects budgeted receipts and actual receipts on a comparable basis amount of Kshs.185,419,558 and Kshs.110,643,076 respectively, resulting to under-funding of Kshs.74,776,482 or 40% of the budget. However, the Fund spent Kshs.71,885,445 against actual receipts of Kshs.110,643,076 resulting to under-utilization of Kshs.38,787,631 or 35% of the actual receipts. The under-funding and the under-utilization

affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2415. The under-utilisation was due to late disbursement of funds from the exchequer; the funds were later received, and the projects were completed.

Committee Observation

2416. The Committee observed that the matter was adequately addressed and resolved.

d) Poor Implementation of Projects

2417. Physical inspection of projects carried out in the month of March, 2024 revealed that the foundation of the toilet constructed at Enoomatasiani Secondary school at Kshs.935,000 was sinking with noticeable holes and terraces. Further, the classroom at Ngong Technical Training Institute constructed at Kshs.5,500,000 was leaking from the slab and the toilet constructed at Rongai Assistant Chief's office had no water supply. In the circumstances, value for money on expenditure incurred on the projects amounting to Kshs.7,535,000 could not be confirmed.

Management Response

2418. The projects were within their defect liability periods as at the time of audit. The anomalies were corrected, and the projects are in use.

Committee Observation

2419. The Committee observed that the matter was adequately addressed and resolved.

e) Lack of a Disaster Recovery Plan and Information Technology Policy

2420. During the year under review, the Fund did not have a Disaster Recovery plan and has not implemented a backup and retention strategy. Further, review of IT internal control systems revealed that the Fund did not have an IT policy. In the circumstances, the effectiveness of internal controls on recover of information and IT controls could not be confirmed.

Management Response

2421. The Disaster Recovery Plan and ICT policy have since been provided for audit review.

Committee Observation

2422. The Committee observed that the matter was adequately addressed and resolved.

f) Lack of an Imprest Register

2423. Review of the Funds records revealed that imprest register was not maintained to record details of issued temporary imprest, staff name, date of issuance, staff number, imprest warrant number, due dates and surrender dates for ease of managing and controlling imprest. In the circumstances, the effectiveness of internal controls on imprest management could not be confirmed.

Management Response

2424. The imprest register has since been provided for audit review.

Committee Observation

2425. The Committee observed that the matter was adequately addressed and resolved.

4.4 Kajiado South Constituency

2426. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Kajiado South Constituency for the financial years 2013/2014,2014/2015,2015/2016,2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

4.4.1 Examination of the Reports of the Auditor-General for the FY 2013/2014

a) Transfers to Other Government Units

2427. The statement of receipts and payments reflects a figure of Kshs.20,294,253 in respect of transfers to other government units for the year ended 30 June 2014. This figure includes transfers to primary and secondary school of Kshs.12,100,000 and Kshs.2,200,000 respectively. However, the Fund did not have a detailed analysis of the transfer and returns from the project management committees for the projects undertaken using the above funds. Consequently, the accuracy and validity of the transfer to other government units figure of Kshs.20,294,253 for the year ended 30 June 2014 could not be confirmed.

Management Response

2428. Management acknowledged the audit observation regarding transfers to other government units amounting to Kshs. 20,294,253 for the year ended 30 June 2014. During the audit period, some Project Management Committees (PMCs) delayed submitting their expenditure returns and supporting documentation to the CDF office due to a lack of capacity, resulting in the absence of a detailed analysis at the time of audit review. This affected the ability to immediately confirm the accuracy and validity of the reported transfers. A detailed schedule summarizing the projects and amounts disbursed was provided .

Committee Observation

2429. The Committee observed that the matter was adequately addressed and resolved.

b) Other Grants and Transfers

2430. The statement of receipts and payments further reflects a figure of Kshs.18,196,500 in respect of other grants and transfers to various project management committees (PMCs) for project implementation for the year ended 30 June 2014. However, the Fund did not have a detailed analysis of the transfers and returns from the project management committee on the projects being implemented. Consequently, the accuracy and validity of the other grants and transfers figure of Kshs.18,196,500 for the year ended 30 June 2014 could not be confirmed.

Management Response

2431. . Management stated that, during the audit, most Project Management Committee returns were not filed with the CDF office. The project return was later availed and submitted to auditor for audit review.

Committee Observation

2432. The Committee observed that the matter was adequately addressed and resolved.

c) Committee Expenses and Allowances

2433. The statement of receipts and payments in addition reflects a figure of Kshs.1,755,000 in respect of committee expenses and allowances for the year ended 30 June 2014. However, these allowances were not supported by the primary records such as a detailed analysis of the expenditure, attendance register and committee minutes. In addition, Kshs.290,000 out of the total Kshs.1,755,000 was not supported by a signed payment schedule. Consequently, the accuracy of the committee allowances figure of Kshs.1,755,000 for the year ended 30 June 2014 could not be confirmed.

Management Response

2434. The management noted the auditor's observation. The detailed analysis of the expenditure, attendance register, committee minutes, and signed payment schedule were retrieved from payment vouchers and made available for review, as evidenced below.

Committee Observation

2435. The Committee observed that the matter was adequately addressed and resolved.

d) Cash and Cash Equivalents

2436. The statement of assets also reflected a cash and cash equivalents balance of Kshs.27,047,713 as at 30 June 2014, which did not include cash in hand amounting to Kshs.30,000. In addition, there was no board of cash survey report presented for the audit review to verify and ascertain the cash held at the end of the financial year. Further, the cash and cash equivalents balance was not supported by bank confirmation certificate. Consequently, the accuracy of the cash and cash equivalents balances of Kshs.27,047,713 as at 30 June could not be confirmed.

Management Response

2437. Management acknowledged the audit observation regarding the cash and cash equivalents balance of Kshs.27,047,713 as at 30 June 2014. The cash in hand amounting to Kshs.30,000 was inadvertently excluded from the reported balance. The amount was held at the end of the financial year to facilitate the purchase of accounting books from the Government Printer, which were not available at the time. The omission was unintentional and arose from a reporting oversight. Management has since provided a duly signed Board of Survey report and bank confirmation certificate.

Committee Observation

2438. The Committee observed that the matter was adequately addressed and resolved.

e) Acquisition of Assets

2439. The statements of receipts and payments further reflects an amount of Kshs.7,653,893 for the year ended 30 June 2014. This figure represented an expenditure incurred in procuring a Toyota Land Cruiser Hardtop make HZJ67R-RKMRS4,2L registration No. GKB 764F utility vehicle with a 4164cc engine capacity. The vehicle's engine capacity exceeded the 2900cc allowed by the Government regulation on procurement of utility vehicles. Further, the cost of Kshs.7,653,893 paid to Toyota Kenya Ltd exceeded the approved budgetary allocation of Kshs.7,500,000 for the procurement of utility vehicle by Kshs.153,893. Consequently, the Fund was in breach of the law.

Management Response

2440. Management acknowledged the audit observation regarding the procurement of a Toyota Land Cruiser Hardtop (Registration No. GKB 764F) at a cost of Kshs.7,653,893 during the financial year ended 30 June 2014. The procurement of the vehicle was approved in the FY 2013/2014 approved code list and formed part of the Fund's planned capital expenditure. Supporting documentation, including the approved code list, quotation from Toyota Kenya Ltd, committee minutes approving the purchase, and a copy of the logbook, are attached. Regarding the 4164cc engine capacity, management clarified that the Constituency covers a vast geographical area with predominantly rough and untarmacked terrain. The specification was considered necessary to ensure the vehicle's operational efficiency, durability, and reliability in the prevailing conditions, supporting effective project monitoring and service delivery. Regarding the variance of Kshs.153,893 above the approved budget of Kshs.7,500,000, management confirmed that the initial quotation had lapsed after the two-week validity period, leading to a price adjustment. The additional amount was regularized through a reallocation from the emergency vote within the same financial year and approved by the Committee. Management noted the observation and committed ensure that future procurements strictly adhere to government engine capacity guidelines and remain within approved budgetary allocations unless formal prior approvals and variations are obtained in accordance with applicable regulations. Management also committed to full compliance with public procurement and financial management regulations.

Committee Observation

2441. The Committee observed that the matter was adequately addressed and resolved.

f) Unsupported Expenditure

2442. The statements of receipts and payments also reflects an expenditure of Kshs.2,436,881 in respect of use of goods and services during the year ended 30 June 2014. This expenditure was not supported by any schedule or analysis. Consequently, the propriety of the expenditure of Kshs.2,436,881 in respect of use of goods and services during the ended 30 June could not be confirmed.

Management Response

2443. Management acknowledged the audit issue and provided schedules and expenditure analysis to the auditor for review.

Committee Observation

2444. The Committee observed that the matter was adequately addressed and resolved.

g) Inaccuracies in the Note to the Financial Statements

2445. The following anomalies were noted in the financial statements: Description for some items in the statements of receipts and payments do not agree with those in the notes. The notes to the accounts exclude notes on related party transactions management risks and do not disclose whether any liabilities exist or not. The statements of cash flows is missing from the financial statements. The table of content is incorrectly numbered. Page number 10 is missing from the financial statements. The financial statements indicate that the figure reflected in the financial statements are in thousands, when they are in absolute figures.

2446. The significant accounting policies which form part of the notes to the accounts have been disclosed separately from the other notes in the financial statements. The financial statements include blank notes to the accounts which do not support any figure

2447. Some pages in the financial statements do not indicate the name of the Fund the kind of report and the financial year. Some notes to the accounts indicate the Government financial services code numbers which are not necessary for the reporting. Under the circumstances, the accuracy of the financial statements for the year ended 30 June 2014 could not be confirmed.

Management Response

2448. The management noted the anomalies in the financial statements that resulted in the variances. These anomalies resulted from inadequate skills in preparing financial statements. Through training in preparing financial statements, management progressively addressed the anomalies and will correct such errors in the future.

Committee Observation

2449. The Committee observed that the matter was adequately addressed and resolved.

4.4.2 Examination of the Reports of the Auditor-General for the FY 2014/2015

a) Cash and Cash Equivalents

2450. The statements of financial assets reflect cash and cash equivalents balance of Kshs.27,631,805 as at 30 June 2015. A review of the bank reconciliation statements as at 30 June 2015 revealed unpresented cheques totalling Kshs.945,448, out of which cheques with an amount of Kshs.245,448 were stale. No reason was given for the failure by the Fund to reverse the cheques in the cash book. Consequently, the accuracy of the cash and cash equivalents balances of Kshs.27,631,805 as at 30 June 2015 was misstated by the value of the stale cheques amounting to Kshs.245,448.

Management Response

2451. Management acknowledged the audit observation regarding stale cheques amounting to Kshs.245,448 included within the unpresented cheques balance of Kshs.945,448 as at 30 June 2015.

Committee Observation

2452. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracies in the Note to the Financial Statements

2453. The following anomalies were noted in the financial statements: Inconsistencies in the numbering of the notes in the statement of receipts and payments, statements and assets, and notes to the financial statements. The statement of receipts and payments and statement of cash flow reflect an amount of Kshs.43,959,255 for other payments while note 6 and the schedules provided to support the same indicates a figure of Kshs.44,823,265 thus resulting in an unsupported and unexplained difference of Kshs.864,010. Further the statement of receipts and payments and statement of cash flow reflects an amount of Kshs.2,991,866 for the use of goods and services, while the schedules provided to support the same indicates a figure of Kshs.2,794,703 thus resulting in a supported and unexplained difference of

Kshs.197,163. Under the circumstances the accuracy of the financial statements for the year ended 30 June 2015 could not be confirmed.

Management Response

2454. Management acknowledged the audit observations regarding inconsistencies and variances noted in the notes to the financial statements for the year ended 30 June 2015. Management noted that the anomalies identified, including inconsistencies in note numbering and unexplained variances between the statements of receipts and payments, the statement of cash flows, and the supporting schedules, arose primarily from inadequate technical capacity and weaknesses in the preparation and review of the financial statements at the time. Management reports that progressively, corrective measures have been implemented and that similar errors will not recur in subsequent financial years.

Committee Observation

2455. The Committee observed that the matter was adequately addressed and resolved.

c) Budget Performance (Other Matter)

2456. The summary statement of appropriation reflects a budget of Kshs.140,727,645 for the year and an actual expenditure of Kshs.111,695,831 as detailed below:

Table 65: Kajiado South Constituency, FY 2014/2015 – Budget Performance (Other Matter)

Item	Budget Kshs	Actual Kshs	Absolute Variance Kshs	% Variance
Receipts				
AIEs received	40,727,645	112,279,923	28,447,722	20%
Payments				
Compensation of employees	2,461,056	2,090,100	370,956	15%
Use of Goods and Services	4,431,586	2,991,886	1,439,720	32%
Item	**Budget Kshs**	**Actual Kshs**	**Absolute Variance Kshs**	**% Variance**
Committee expenses	3,140,000	3,140,000	-	0%
Transfer to other Government Units	73,052,010	58,902,010	14,150,000	19%
Other grants and other Payments	51,131,334	43,959,255	7,172,079	14%
Social security benefits	14,400	15,600	(1,200)	-8%

Item	Budget Kshs	Actual Kshs	Absolute Variance Kshs	% Variance
Acquisition of Assets	597,000	597,000	-	0%
Other Payments	5,400,259	-	5,400,259	
	40,227,645	**111,695,831**	**28,531,814**	**20%**

2457. During the year, the fund received an amount of Kshs.112,279,923 from the CDF Board, it also had an opening balance of Kshs.27,047,713 brought forward from the previous year. The fund therefore had a fund balance of Kshs.139,327,636 during the year against an expenditure of Kshs.111,695,831. The application of the funds was therefore 80% on available funds in the year.

Management Response

2458. Underperformance was occasioned by delays in release of fund from the exchequer. The funds were disbursed in subsequent financial years and projects were implemented.

Committee Observation

2459. The Committee observed that the matter was adequately addressed and resolved.

d) Over Expenditure without the CDF Board Approval (Other Matter)

2460. The statement of receipts and payments reflects amount of Kshs.3,140,000 on committee expenses, Kshs.58,902,010 on Transfers to other government units an amount of Kshs.43,959,255 on other payments and Kshs.15,600 on social security benefits. Review of expenditure records reveal that the Kajiado South CDF Committee overspent by Kshs.5,504,212 on 11 items as shown below:

Table 66: Kajiado South Constituency, FY 2014/2015 – Over Expenditure without the CDF Board Approval (Other Matter)

	Item	budget	Amount paid	Absolute variance	% variance
1	NSSF	14,400	15,600	-1,200	-8%
2	Committee expenses	800,000	2,340,000	1,540,000	-193%
3	Bursary tertiary schools	8,591,986	8,727,986	-136,000	-2%
4	Enchurrai Primary School	837,931	1,087,931	-250,000	-30%
5	Iloirero Dispensary Project	3000,000	3,300,000	-300,000	-10%
6	Ilchalali dispensary	200,000	794,253	-594,253	-297%

	Item	budget	Amount paid	Absolute variance	% variance
7	Oloibor soit dispensary	200,000	994,253	-794.253	-397%
8	Iloirero Dispensary Project	3,000,000	3,300,000	300,000	-10%
9	Ilchalali dispensary	200,000	794,253	-594,253	-29%
10	Oloibor soit dispensary	200,000	994,253	-794.253	-397%
11	Ololepo community water	2,000,000	2,200,000	-200,000	-10%
		19,044,317	24,548,529	5,504,212	

2461. There is no evidence to indicate that the over-expenditure was approved by the CDF Board.

Management Response

2462. There was no over-expenditure. The change in the actual amount was due to carry-overs from the previous financial year.

Committee Observation

2463. The Committee observed that the matter was adequately addressed and resolved.

e) Unbudgeted Expenditure (Other Matter)

2464. In addition, the statement of receipts and payments figure of Kshs.58,902,010 and Kshs.43,959,255 transfers to other government units and other grants and other payments includes an expenditure of Kshs.3,375,573 on 4 items which were not budgeted for and approved as shown below:

Table 67: Kajiado South Constituency, FY 2014/2015 – Unbudgeted Expenditure (Other Matter)

Project Name	Amount Paid
1.Olgulului pri school	1,200,000
2.Kikelewa pri School	250,000
3.Illasit	925,573
4.Kimana Stadium	1,000,000
Total	3,375,573

2465. No reason was given for the failure by the Project Management Committee (PMC) to comply with the existing financial regulation.

Management Response

2466. Management clarified that all projects listed as not budgeted were ongoing and approved during financial year 2013/2014, but payment was made in the financial year under audit.

Committee Observation

2467. The Committee observed that the matter was adequately addressed and resolved.

4.4.3 Examination of the Reports of the Auditor-General for the FY 2015/2016

a) Format of the Financial Statements

2468. Page 9 to 23 of the financial statements are missing. Further, the table of content indicates that the financial statements are at Page 26 but these are found at page 27. The financial statements have, therefore, not complete and do not conform with the format prescribed by the Public Sector Accounting Standards Board.

Management Response

2469. Management acknowledged the audit observation that pages 9 to 23 of the financial statements were missing and that the table of contents and actual page numbering were inconsistent. The anomaly arose from errors during compilation, printing, and binding, coupled with inadequate final review before submission for audit. Management committed to ensuring that future financial statements are complete, properly referenced, and fully compliant with the prescribed reporting framework.

Committee Observation

2470. The Committee observed that the matter was adequately addressed and resolved.

b) Comparative Balances

2471. The following differences have been noted comparative (2014/2015) reflected in the financial statements for the year ended 30 June 2016 and the balance shown in the audited financial statements for 2014/2015:

Table 68: Kajiado South Constituency, FY 2015/2016 – Comparative Balances

	2014/2015 Comparative Figures Kshs	2014/2015 Audited Balances Kshs	Variance Kshs
Use of Goods and Services Office and general supplies (Note 5)	322,809	-	322,809
Other Grants and Transfer Sports projects (Note 7)	-	1,000,000	(1.000,000)

2472. However, contrary to the requirement of paragraphs 1.4.19 and 1.5 of the IPSAS Cash Basis financial reporting framework, no disclosures have been made in the notes to the financial statements to indicates that comparative information in respect of these items is restated. In addition, the nature of the errors and the respective amounts of the corrections made have not been disclosed.

Management Response

2473. The error in comparatives between financial years 2014/2015 and 2015/2016 arose due to inadequate final review before submission for audit. Management is committed to ensuring that future financial statements are well compared, properly referenced, and fully compliant with the prescribed reporting framework.

Committee Observation

2474. The Committee observed that the matter was adequately addressed and resolved.

c) Other Inaccuracies

2475. Further review of the financial statements revealed the following inaccuracies: The summary of fixed assets registers at annex on page 39 adds to Kshs.8,250,135 but is reflected as Kshs.8,250,893 resulting in a casting error of Kshs.758 which has not been corrected. The summary statement of appropriation reflects transfer from the CDF Board of Kshs.149,050,663. However, the statements of receipts and payments reflect an amount of Kshs.121,418,817 resulting in unexplained variance of Kshs.27,631,846. The statements of receipts and payments reflect compensation of employee's amount of Kshs.1,959,600. However, note 4 to the financial statements reflects a balance of Kshs.1,974,000 in respect to the account thus resulting in unexplained difference of Kshs.14,400. The financial statements were prepared without a trial balance and in addition, the relevant schedules to support the figures in the financial statements have not been provided for the audit review. In circumstance the accuracy of financial statements for the year ended 30 June cannot be confirmed.

Management Response

2476. Management acknowledged the audit observation on casting errors in the summary of fixed assets by KSh 758 and compensation of employees by KSh 14,400. Management is committed to ensuring that future financial statements are free of casting errors and fully compliant with the prescribed reporting framework. The variance of ksh.27,631,846 is the opening cash book balance. The management has since prepared the trial balance.

Committee Observation

2477. The Committee observed that the matter was adequately addressed and resolved.

d) Cash and Cash Equivalents

2478. The statements of financial assets reflect cash and cash equivalent balance of Kshs.31,643,636.60 as at 30 June 2016. However the amount does not include cash at hand balance of Kshs.1,374,000 reflected in the cash book as at 30 June 2016. As a result the cash and cash equivalents balance is understated to the extent of the omission. Further, there was no Board of survey report to show the amount of cash at Hand held at close of the financial year. In circumstance the accuracy of cash and cash equivalents balance of Kshs.31,643,637 as at June 2016 cannot be confirmed.

Management Response

2479. Management acknowledged the audit observation and clarified that no imprest was outstanding. The Board of Survey was carried out; the figure represented the surrender of imprest, which was erroneously posted in the subsequent financial year cashbook.

Committee Observation

2480. The Committee observed that the matter was adequately addressed and resolved.

e) Transfer to Other Government Entities

2481. Transfers to other government entities amount of Kshs.61,031,615 as disclosed at Note 6 to the financial statements included transfers of Kshs.26,800,000 to primary schools, Kshs.27,450,000 to secondary schools and Kshs.6,781,615 to health institutions to fund various projects. However, no procurement records have been provided to confirm how various contractors were identified and contracted. In addition, project expenditure returns and project management committee minutes to support payment made from the project accounts have not been provided for audit verification. Further, bills of quantities for the following projects have also not been made available for audit verification:

Table 69: Kajiado South Constituency, FY 2015/2016 – Transfer to Other Government Entities

Project Name	Details	Amount
Nkama Primary School	Renovation of 20 classroom	3,500,000
Rombo Girls Secondary School	Construction of Dining hall and a Kitchen	5,000,000
Iltilal Secondary School	New school, fencing of 45 acre of school land construction of 4 units of staff houses, construction of dining hall and kitchen, construction of 8 door toilets construction of a matron house	10,000,000
Entarara Primary School	Renovation of 21 classroom	3,500,000

2482. In the circumstance, the propriety of expenditure on transfer to other government entities totalling Kshs.61,031,615 cannot be confirmed.

Management Response

2483. Procurement records have been provided to confirm how various contractors were identified and contracted. In addition, project expenditure returns and project management committee minutes to support payments made from the project accounts have been provided for audit verification. Further, bills of quantities for the projects have also been made available for audit verification.

Committee Observation

2484. The Committee observed that the matter was adequately addressed and resolved.

f) Other Grants and Transfers

2485. The statement of receipts and payments reflects other grants and transfers of Kshs.47,612,568 as disclosed at Note to the financial statements. The figure includes Kshs.7,800,259 spent on emergency projects. However, projects analyses and returns to show the nature and composition of the emergency projects funded as well as the status of completion as required under section 10 of the National Government Constituency Development Fund Act, 2015 have not been provided for audit review. In the circumstance,

the propriety of the expenditure totalling Kshs.7,800,259 incurred on emergency projects for the year 30 June 2016 cannot be confirmed.

Management Response

2486. Management provided project analyses and returns showing the nature and composition of the emergency projects funded, as well as their completion status.

Committee Observation

2487. The Committee observed that the matter was adequately addressed and resolved.

g) Mashamba Mapya Community Water Project

2488. A total of Kshs.5,250,000 was spent towards construction of 100 metre cubic water tank, construction of pump house, power connection and purchase of water pump at Mashamba Community Water Project. However, the Bills of Quantities made available for audit reflects a total sum of Kshs.3,400,000 resulting in a variance of Kshs.1,850,000. Besides relevant procurement records and expenditure returns have not been provided for audit review to confirm how the contract was identified as well as validity of the expenditure.

2489. Physical verification of the project during the year under review revealed that it was abandoned immediately it was handed over to the community. Management attributed the abandonment to wrangles among the community members on how the project was to be managed. Further, water piping provided for in the bills of quantities was not done.

Table 70: Kajiado South Constituency, FY 2015/2016 – Mashamba Mapya Community Water Project

Item	Budget Kshs	Actual Kshs	Budget utilization difference Kshs	% of utilization
Receipts	150,050,633	121,418,817	28,631,816	81
AIES received				
Payments				
Compensations of Employees	2,830,812	1,959,600	871,212	69
Use of Goods and Services	9,306,271	6,803,213	2,503,058	73
Committee expenses	0	0	0	
Transfer to other Government Units	78,619,186	61,031,615	17,587,571	78
Other Grants and Other payments	52,394,105	47,612,568	4,781,537	91

Item	Budget Kshs	Actual Kshs	Budget utilization difference Kshs	% of utilization
Other Payments	6,900,259	0	6,900,000	0
	150,050,633	117,406,996	32,643,637	78%

2490. It has not been possible under the circumstances to confirm the propriety of the expenditure and whether the community got value for the money spent on the project.

Management Response

2491. Management confirmed that the water piping was efficiently done and the project is in use.

Committee Observation

2492. The Committee observed that the matter was adequately addressed and resolved.

h) Budget and Budgetary Controls (Other Matter)

2493. During the year under review, Kajiado South Constituency Fund incurred expenditure totalling Kshs.117,406,996 against an approved budget of Kshs.150,050,633 or approximately 78% of the budget resulting in under expenditure of Kshs.32,643,637 as shown below:

Table 71: Kajiado South Constituency, FY 2015/2016 – Budget and Budgetary Controls (Other Matter)

Project Name	Details	Amount
Nkama Primary School	Renovation of 20 classroom	3,500,000
Rombo Girls Secondary School	Construction of Dining hall and a Kitchen	5,000,000
Iltilal Secondary School	New school, fencing of 45 acre of school land construction of 4 units of staff houses, construction of dining hall and kitchen, construction of 8 door toilets construction of a matron house	10,000,000
Entarara Primary School	Renovation of 21 classroom	3,500,000

2494. The under-expenditure indicates that funds were not utilized fully and all approved programs were not implemented. The budget did not, therefore fully meet its objective of improving delivery of services to the residents of Kajiado South Constituency.

Management Response

2495. The under-expenditure was because of a delay in disbursement of funds by the Exchequer. The funds were later utilised, and projects were completed.

Committee Observation

2496. The Committee observed that the matter was adequately addressed and resolved.

4.4.4 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Presentation and Disclosures in the Financial Statements

2497. The financial statements presented for audit have inconsistent page numbers in that page 9 to 23 have not been printed. The financial statements have, therefore, not been properly identified. In addition, the statement of financial assets reflects net liabilities instead of net financial position of Kshs.6,615,641 as represented by the fund balance brought forward of Kshs.31,643,637 and deficit for the year of Kshs.25,027,996.

2498. In the table of contents, significant accounting policies are indicated as appearing on page 24 instead of page 9 while Notes to the financial statements are indicated to be on page 26 instead of page 11. Paragraph 2 of the statement of National Government Constituencies Development Fund- Kajiado South Constituency Management Responsibilities at page 4 refers to financial statements for the year ended 30 June 2016 while paragraph 3 refers to financial statements for the year ended 30 June 2015.

Management Response

2499. Management acknowledged the errors and commits to prepare accurate financial statements in accordance with reporting IPSAS template. The page numbering issue was an oversight, which has been noted, and management committed to avoid occurrence of the same in future. The date issue was an oversight, which has been noted, and management committed to avoid occurrence of the same in future.

Committee Observation

2500. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracies in the Financial Statements

2501. Note 7 (other grants and transfers) to the financial statements is reflected as Kshs.34,098,509 while the same casts to Kshs.41,379,928 resulting in an unexplained casting error of Kshs.7,281,419. The statement of cash flows reflects payments for operating expenses of Kshs.107,424,548 but the same casts to Kshs.107,124,748 leading to a casting error of Kshs.299,800. The net cash flows from operating activities is also misstated by Kshs.299,800. The financial statements were prepared without a trial balance.In addition, the following differences have been noted between the balances reflected in the financial statements and the supporting schedules:

Table 72: Kajiado South Constituency, FY 2016/2017 – Inaccuracies in the Financial Statements

Item	Balance as per Financial Statements Kshs	Supporting Schedule Kshs	Variance Kshs
Transfers from CDF board	82,396,552	-	82,396,552
Compensation of employees	3,272,868	3,753,829	(480,961)

Item	Balance as per Financial Statements Kshs	Supporting Schedule Kshs	Variance Kshs
Use of goods and services	6,917,801	8,395,074	(1,477,273)
Transfer to Other Government Entities	62,835,570	61,749,363	(1,086,207)
Other grants and other payments	34,098,509	29,095,119	5,003,390
Acquisition of Assets	299,800	0	299,800
Other grants & transfers • Bursaries for tertiary institutions	19,347,886	18,060,886	1,287,000
• Emergency projects	7,281,419	4,889,091	2,392,328
• Sports	2,000,000	1,000,000	1,000,000
• Water projects	4,669,204	780,000	3,889,204

Management Response

2502. Management clarified that the KSh 7,281,419 was an emergency project that was posted twice in the analysis breakdown in Note 7. Management is committed to ensuring that future financial statements are free of posting errors and fully compliant with the prescribed reporting framework. Management clarified that the KSh 299,800 was not an error but an asset acquisition that was included in operating expenses and should have been under investment activity. The error does not affect the accuracy of the cash flow statement. The trial balance was a working schedule in an Excel file and was not included in the Word template used to report the financial statements. However, the management provided a copy of the trial balance. The management stated that the variance arose due to misclassification of vouchers during the audit exercise; however, proper classification has been done and availed to the auditor for verification.

Committee Observation

2503. The Committee observed that the matter was adequately addressed and resolved.

c) Bank Balance

2504. The statement of financial position reflects a bank balance of Kshs.6,615,641 as at 30 June 2017. However, a review of the bank reconciliation statement for the month of June 2017 revealed unpresented cheques totaling Kshs.208,807 out of which cheques amounting to Kshs.26,453 were stale as at 30 June 2017 but had not been reversed in the cashbook. Consequently, the accuracy of bank balance of Kshs.6,615,641 as at 30 June 2017 cannot be confirmed.

Management Response

2505. The stale cheques have since been reversed.

Committee Observation

2506. The Committee observed that the matter was adequately addressed and resolved.

d) Ineligible Expenditure

Water Projects

2507. The statements of receipts and payments reflects expenditure totaling Kshs.34,098,509 in respect of other grants and transfers. The expenditure included an amount of Kshs.4,669,204 incurred on water projects which fall under the County Government functions contrary to Section 24(a) of the National Government Constituency Development Fund Act of 2015. Consequently, the National Government Constituencies Development Fund Board and the Kajiado South Constituency Development Fund Committee were in breach of the law to the extent of this ineligible expenditure.

Management Response

2508. Management clarified that the Board approved and budgeted for the water project before the roles were devolved to the county government. However, the project was completely implemented in the financial year 2016-17.

Committee Observation

2509. The Committee observed that the matter was adequately addressed and resolved.

e) Allocation of Bursary Funds

2510. The statements of receipts and payments reflects expenditure totaling Kshs.34,098,509 in respect of other grants and transfers which includes Kshs.19,347,886 for bursaries disbursed to students in tertiary institutions. The fund budgeted for bursaries amounting to Kshs.20,474,138 which covered only tertiary institutions. However, students in secondary schools and other levels of learning were not factored in the budget. It has been noted that all university students who benefited from bursaries were awarded a flat rate of Kshs.27,000 each while those in teacher training colleges were given 21,000 across the board without considering the fee balance of each student and the cost of the course being undertaken. No explanation has been provided for this anomaly.

Management Response

2511. The Kajiado South NGCDF bursary fund targeted students in tertiary schools because the local group ranches, the County Government of Kajiado and various stakeholders in the sector

were supporting the secondary school-going students. This was local arrangement by the local leaders and citizens.

Committee Observation

2512. The Committee observed that the matter was adequately addressed and resolved.

f) Delay in Implementation of Projects (Other Matter)

2513. The Fund contracted Kipereu Moipaai to fence 25 acres of school land with concrete pillars, mild steel angle lines and chain link and fixing of two gates at Isinet Primary School on 29 November 2016, at a contract sum of Kshs.3,800,000. The Contract period was 12 months from the date of the contract agreement. A site visit by the audit team on 25 April 2018 revealed that although the contract period expired on 28 November 2017, the contractor had abandoned the works after just fixing the pillars. Further, no documentary evidence was provided either to confirm that the contractor had requested for extension of contract period or that action had been taken against the contractor for breach of contract. Although the Fund had disbursed Kshs.3,350,000 in 2016/2017 financial year to the project management Committee (PMC) of Isinet Primary School for implementation of the above project, the PMC did not maintain any expenditure records to show the details of the expenditure incurred and the outstanding balance, if any. Consequently, the constituents may not have obtained value for money in respect of amounts transferred to the primary school totaling to Kshs.3,350,000 as at 30 June 2017.

Management Response

2514. The management stated that the project was implemented to completion.

Committee Observation

2515. The Committee observed that the matter was adequately addressed and resolved.

g) Staff Establishment (Other Matter)

2516. A review of the staff establishment records revealed that the Fund has employed six members of staff who include one project coordinator, two field officers, a secretary, one guard and one support staff. However, the Fund has failed to employ persons with knowledge in information technology, construction and accounting knowledge as required by Section 43 of the National Government Constituencies Development Fund Act, 2015. Most of those duties are performed by the Fund's Manager as a result of which the principle of segregation of duties has been compromised in an environment which ought to have proper systems of internal control.

Management Response

2517. Management had not employed the said staff due to budget constraints; however, persons with knowledge in the field of ICT, construction, and Accounting have since been employed.

Committee Observation

2518. The Committee observed that the matter was adequately addressed and resolved.

4.4.5 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Unreconciled Receipts - Transfers from the NG-CDF Board

2519. The statement of receipts and payments and summary statements of appropriation reflect receipts from transfer from National Government Constituencies Development Fund Board of Kshs.86,810,345 and Kshs.93,425,986 respectively resulting to an unexplained variance of Kshs.6,615,641.

Management Response

2520. There is no actual variance since the amount in the statement of receipts and payments reflects the actual receipts from the Board, while the amount in the appropriation includes both the opening balance and the receipts.

Committee Observation

2521. The Committee observed that the matter was adequately addressed and resolved.

b) Unconfirmed Bank Balance

2522. The statements of assets reflect bank balance amount of Kshs.28,769,692 (2017-Kshs.6,615,641) and disclosed under note 10A to the financial statements. However, the bank reconciliation statements in support of the balance indicates unpresented cheques amounting to Kshs.15,462,759, which includes stale cheques amounting to Kshs.53,453 which should have been written back to the cash book. As a result, the accuracy of the reported bank balance amount of Kshs.28,769,692 as at 30 June, 2018 cannot be confirmed.

Management Response

2523. The stale cheques have been reversed.

Committee Observation

2524. The Committee observed that the matter was adequately addressed and resolved.

c) Unreconciled Other Grants and Transfers

2525. The statements of cash flow comparative figure for the other grants and transfers of Kshs.34,547,445 differs with the audited figure of Kshs.34,098,509 resulting in unexplained variance of Kshs.448,936. Consequently, the true and fair view of the comparative balance for other grants and transfers figure could not be confirmed.

Management Response

2526. The error in comparatives in the cash flow statement between financial year 2016/2017 and 2017/2018 arose due to errors during posting and casting. Management is committed to ensuring that future financial statements are well compared, properly referenced, and fully compliant with the prescribed reporting framework.

Committee Observation

2527. The Committee observed that the matter was adequately addressed and resolved.

d) Discrepancies in Audited and Comparative Figures Disclosed in the Note to Financial Statements

2528. A scrutiny of the notes to the financial statements for the year ending 30 June 2018 revealed discrepancies between the comparative and audited figures as tabulated below:

Table 73: Kajiado South Constituency, FY 2017/2018 – Discrepancies in Audited and Comparative Figures Disclosed in the Note to Financial Statements

Item	Comparative Figure as per 2017/18 Financial Staements(Kshs.)	Audited Figure as Per 2016/17 Finacial Statements (Kshs.)	Variance(Kshs.)
Note 4-Item for Communicatio n Supplies and Services	676,004	849,632	173,628
Note 7-Bursaries Tertiary Institutions	20,834,886	19,347,886	1,487,000
Note 7-emergency Projects	6,531,419	7,281,419	750,000
Note 7-Water Projects	4,381,140	4.669,204	288,064

2529. In circumstance, the accuracy of the comparative figures for the above components in the financial statements cannot be confirmed.

Management Response

2530. The error in comparatives in the notes to the financial statements between financial years 2016/2017 and 2017/2018 arose due to inadequate final review before submission for audit. Management is committed to ensuring that future financial statements are well compared, properly referenced, and fully compliant with the prescribed reporting framework.

Committee Observation

2531. The Committee observed that the matter was adequately addressed and resolved.

e) Budget Performance (Other Matter)

2532. The summary statements of appropriation: recurrent and development combined reflects total receipts final budget and actual on comparable basis of Kshs.11,379,311 from the National Government Constituencies Development Fund Board. Out of the total amount received only Kshs.64,656,294 was expensed resulting to under-absorption of Kshs.28,769,692 which has not been explained. Failure to provide full funding by the Board and under-absorption of Kshs.28,769,692 resulted in the residents of Kajiado South Constituency being denied the implementation of the planned projects and the enjoyment of services during the financial year under review.

Management Response

2533. The under-absorption was due to delayed disbursement of funds by the Exchequer. However, funds were received and projects implemented.

Committee Observation

2534. The Committee observed that the matter was adequately addressed and resolved.

f) Engagement of Technical Expert (Report of Lawfulness and Effectiveness in Use of Public Resources)

2535. During the year under review, the fund earmarked projects of significant amounts for implementation. However, the fund had not engaged the services of a technical expert - clerk of works to assist in the project implementation. This was despite a significant number of the projects being implemented entailing extensive civil works that require the engagement of the services of a clerk of works in line with section 45(1) of the National Government Constituencies Development Fund Act, 2015.

Management Response

2536. Management has since engaged a technical expert-clerk of works. Employment contract provided to the auditor for review.

Committee Observation

2537. The Committee observed that the matter was adequately addressed and resolved.

4.4.6 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Under-Utilization of Budgeted Funds (Other Matter)

2538. During the year under review, the NG-CDF Kajiado South had an approved budget of Kshs.149,189,877 as reflected in the summary statement of appropriation recurrent and development combined. However, the actual receipts amounted to Kshs.146,552,538 resulting in shortfall of revenue totaling Kshs.2,637,339. Further, the Fund had budgeted to spend Kshs.149,189,876, but actual expenditure amounted to Kshs.123,325,532 resulting in budget under-utilization of Kshs.25,864,344. No explanation was provided for the failure to utilize all the budgeted and received funds.

Management Response

2539. The underutilization was due to delayed disbursement of funds by the exchequer. However, funds were received and projects implemented.

Committee Observation

2540. The Committee observed that the matter was adequately addressed and resolved.

4.4.7 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Inaccuracy of the Financial Statements

2541. The statement of receipts and payments for the year ended 30 June, 2020 reflects comparative balances which are at variance with the audited figures for the year ended 30 June, 2019 as detailed below:

Table 74: Kajiado South Constituency, FY 2019/2020 – Inaccuracy of the Financial Statements

Component	Note	2019-2020 Kshs.	2018-2019 Audited Balances Kshs.	Variance Kshs.
Use of Goods and Services	5	6,803,375	7,415,800	(612,425)
Other Grants and Other Payments	7	39,014,020	43,014,020	(4,000,000)
Other Payments	9	4,000,000	-	4,000,000
Unutilized Fund	17.3	40,149,002	23,291,661	16,857,341

Management Response

2542. The error in comparatives in the notes to the financial statements between use of goods and services, other grants and other payments, and unutilized funds during financial years 2018/2019 and 2019/2020 arose due to inadequate final review before submission for audit. Management is committed to ensuring that future financial statements are well compared, properly referenced, and fully compliant with the prescribed reporting framework.

Committee Observation

2543. The Committee observed that the matter was adequately addressed and resolved.

b) Unreconciled Receipts

2544. The statement of receipts and payments reflects total receipts of Kshs.70,637,340 while the summary statement of appropriation - recurrent and development combined reflects actual receipts amount of Kshs.93,929,001 resulting to unreconciled variance of Kshs.23,291,661.

Management Response

2545. Management stated that there is no actual variance since the amount in the statement of receipts and payments reflects the actual receipts from the Board, while the amount in the appropriation includes both the opening balance and the receipts.

Committee Observation

2546. The Committee observed that the matter was adequately addressed and resolved.

c) PMC Bank Balances

2547. Annex 5 PMC Bank Balances as at 30 June, 2020 reflects nil comparatives while the audited balances as at 30 June, 2019 reflects PMC balances of Kshs.1,294,956. In the circumstances, the accuracy of the financial statements as at 30 June, 2020 could not be confirmed.

Management Response

2548. Management acknowledged the audit observation that PMC Bank Balances as at 30 June 2020 reflected nil comparative figures, whereas the audited financial statements for the year ended 30 June 2019 reported PMC balances amounting to Kshs.1,294,956. Management committed to ensuring that all future financial statements include accurate and consistent comparative figures in line with applicable public sector accounting standards.

Committee Observation

2549. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Bursaries to Tertiary Institutions

2550. The statement of receipts and payments for the year ended 30 June, 2020 reflects Kshs.26,073,000 in respect of other grants and other payments and as disclosed in Note 7 to the financial statements, the amount includes an amount of Kshs.20,823,000 relating bursary to Tertiary Institutions. However, Management did not provide for audit acknowledgements from receiving institutions for bursaries amounting to Kshs.13,397,000. Under the circumstances, the validity of the bursaries of Kshs.13,397,000 for the year ended 30 June, 2020 could not be confirmed.

Management Response

2551. Management acknowledged the audit observation regarding unsupported bursaries. The delay in providing acknowledgements was due to the outbreak of the COVID-19 pandemic, during which most learning institutions were closed or operating under restricted conditions, affecting timely confirmation of receipt. Additionally, bursary disbursements were effected through cheque deposit methods in line with prevailing circumstances at the time. Management committed to ensuring that all future bursary disbursements are adequately supported with timely acknowledgements and proper documentation to enhance accountability and compliance.

Committee Observation

2552. The Committee observed that the matter was adequately addressed and resolved.

e) Budgetary Control and Performance (Other Matter)

2553. The summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2020 reflects final budgeted receipts and actual on comparable basis of Kshs.160,659,384 and Kshs.93,929,001 respectively indicating an under realization of Kshs.66,730,383 or 41%. Further, the total actual expenditure for the year was Kshs.92,706,125 representing an absorption rate of 97% of actual receipts. Similarly, the statement reflects final budgeted payments and actual on comparable basis of Kshs.160,659,384 and Kshs.92,706,125 respectively indicating an under expenditure of Kshs.67,953,259 or 42%. The budget under realization is equivalent to services budgeted for but not delivered to the constituents and which may have impacted negatively on service delivery to the constituents of Kajiado South.

Management Response

2554. The underutilization was due to delayed disbursement of funds by the Exchequer. However, funds were received, and the projects were implemented.

Committee Observation

2555. The Committee observed that the matter was adequately addressed and resolved.

4.4.8 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Errors and Inaccuracies in the Financial Statements

2556. The summary statement of appropriation reflects total actual expenditure of Kshs.163,290,600. However, a recast of the amounts gives a total of Kshs.146,891,323, resulting to an unexplained variance of Kshs.16,399,277. Further, the financial statements have missing pages and Notes to the financial statements and several pages did not include headers to identify the financial statements. In the circumstances, the financial statements for the year ended 30 June, 2021 as prepared and presented are not in the format prescribed by the Public Sector Accounting Standards Board (PSASB).

Management Response

2557. Management acknowledged the audit observation that the summary statement of appropriation reflected total actual expenditure of Kshs.163,290,600, whereas a recast of the amounts yielded Kshs. 146,891,323, resulting in an unexplained variance of Kshs. 16,399,277. Management also acknowledges that the financial statements had missing pages and notes, and several pages lacked headers identifying the financial statements. Consequently, the statements did not fully conform to the format prescribed by the Public Sector Accounting Standards Board (PSASB). Management committed to correcting these errors and ensuring that future financial statements are free of errors.

Committee Observation

2558. The Committee observed that the matter was adequately addressed and resolved.

b) Variances between Financial Statements and the Ledger

2559. The statement of receipts and payments reflects use of goods and services expenditure of Kshs.7,652,251 as detailed in Note 5 to the financial statements. However, comparison of the financial statements and the ledger revealed variances as indicated in the table below which have not been explained or reconciled:

Table 75: Kajiado South Constituency, FY 2020/2021 – Variances between Financial Statements and the Ledger

Item	Amount as per Financial Statement Kshs.	Amount as per the Ledger Kshs.	Variance Kshs.
Committee Expenses	2,800,000	5,130,420	2,330,420
Communication, Supplies and Services	700,000	-	700,000
Training Expenses	1,503,000	860,000	643,000
Office and General Supplies and Services	870,000	0	870,000
Bank Service Commission and Charges	27,770	15,620	12,150

2560. In the circumstances, the accuracy of the use of goods and services expenditure of Kshs.7,652,251 could not be confirmed.

Management Response

2561. Management provided a well-supported schedule supporting the figure reported in the financial statement, based on the evidence provided.

Committee Observation

2562. The Committee observed that the matter was adequately addressed and resolved.

c) Cash and Cash Equivalents

2563. The statement of assets and liabilities as at 30 June, 2021 reflects cash and cash equivalents balance of Kshs.16,477,167. However, bank reconciliation statement as at 30 June, 2021 includes stale cheques totaling to Kshs.946,436 which had not been reversed in the cash book as at 30 June, 2021. In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.16,477,167 as at 30 June, 2021 could not be confirmed.

Management Response

2564. The stale cheques were reversed.

Committee Observation

2565. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Committee Allowances

2566. The statement of receipts and payments reflects use of goods and services amount of Kshs.7,652,251, which includes Committee expenses amount of Kshs.2,800,000 as disclosed in Note 5 to the financial statements. However, Committee meeting minutes and monitoring and evaluation reports were not provided for audit. In the circumstances, the accuracy and of committee the expenditure of Kshs.2,800,000 could not be confirmed.

Management Response

2567. The Committee meeting minutes and monitoring and evaluation reports were not provided at the time of the audit; however, the office has provided them to the auditor for review.

Committee Observation

2568. The Committee observed that the matter was adequately addressed and resolved.

e) Unsupported Bursary Awards

2569. During the year under review, the Bursary Committee awarded sixty-five 65 students of Kibwezi Technical Training College full scholarship totaling Kshs.1,625,000 in two tranches of Kshs.1,000,000 and Kshs.625,000. However, applications for the bursaries and minutes of the Bursary Committee as evidence of approval of the bursaries award were not provided for audit. In the circumstances the accuracy and propriety of bursary payments of Kshs.1,625,000 could not be confirmed.

Management Response

2570. Management provided applications for the bursaries and minutes of the Bursary Committee as evidence of approval of the bursary award for audit review.

Committee Observation

2571. The Committee observed that the matter was adequately addressed and resolved.

f) Budgetary Control and Performance (Other Matter)

2572. The summary statement of appropriation reflects final receipts budget and actual receipts on comparable basis of Kshs.207,679,479 and Kshs.163,290,600 respectively, resulting into an under-funding of Kshs.44,388,879 or 21% of the budget. Similarly, the Fund expended Kshs.146,891,323 against an approved budget of Kshs.207,679,479 resulting into an under-expenditure of Kshs.60,788,156 or 29% of the budget. Further, during the year under review, Management allocated an amount of Kshs.48,139,740 towards bursary as per the budget execution by sectors and projects. However, only a total of Kshs.15,683,240 was disbursed, an indication that deserving students were denied the much needed bursaries. In the circumstances, the under-funding and under expenditure may have impacted negatively on service delivery to the residents of Kajiado South Constituency.

Management Response

2573. The under-funding and under-expenditure resulted from delayed disbursement of funds by the exchequer. However, funds were received and projects implemented.

Committee Observation

2574. The Committee observed that the matter was adequately addressed and resolved.

g) Failure to Maintain an Imprest Register (Report on Lawfulness and Effectiveness)

2575. The statement of receipts and payments reflects use of goods and services expenditure of Kshs.7,652,251, which includes an amount of Kshs.339,400 in respects of domestic travel and subsistence as disclosed in Note 5 to the financial statements. However, the Fund did not maintain an imprest register. This was contrary to Regulation 92(4)(c) of the Public Finance Management (National Government) Regulations, 2015 which states that before issuing temporary imprests under paragraph (2), the Accounting Officer shall ensure that the applicant has been recorded in the imprest register including the amount applied for. In the circumstances, Management was in breach of the law.

Management Response

2576. Management stated that the imprest register was prepared in Excel format. However, the register was provided for review.

Committee Observation

2577. The Committee observed that the matter was adequately addressed and resolved.

h) Transfers to Other Government Units

2578. The statement of receipts and payments reflects transfers to other Government units amount of Kshs.111,487,450. Review of records provided for audit and physical verification of projects carried out on 07 April, 2022 revealed the following anomalies: Erection of Masonry Fence at the Constituency Offices During the year under review, the Fund contracted a firm to erect a masonry fence at the Constituency Offices at a contract price of Kshs.1,997,566. However, appointment letters for the Evaluation Committee Members and signed Inspection Reports were not provided for audit review. This was contrary to Section 68(1) of the Public Procurement and Assets Disposal Act, 2015 which provides that an accounting officer of a procuring entity shall keep records for each procurement for at least six years after the resulting contract has been completed or, if no contract resulted, after the procurement proceedings were terminated. Further, the signed contract did not specify the defect liability

period. In the circumstances, the validity of procurement process could not be confirmed, and Management was in breach of the law.

Management Response

2579. Management provided appointment letters for the Evaluation Committee Members and signed Inspection Reports for audit review.

Committee Observation

2580. The Committee observed that the matter was adequately addressed and resolved.

i) Completion of Sixty Capacity Modern Laboratory

2581. During the financial year 2019/2020, the Fund awarded the contract for Completion of sixty (60) Capacity Modern Laboratory at Illasit Secondary School to a firm at a contract sum of Kshs.7,210,110. Review of the project records revealed that a total of Kshs.7,380,110 had been disbursed to the project as at 30 June, 2021. Although the full contract amount had been disbursed, physical verification of the project carried out on 07 April, 2022 revealed that the project was incomplete, and the contractor was not on site.

Management Response

2582. Management confirmed that the project is complete.

Committee Observation

2583. The Committee observed that the matter was adequately addressed and resolved.

j) Completion of 1130-Capacity Multipurpose Hall

2584. The Fund awarded the contract for completion of 1130-Capacity Multipurpose Hall to a firm at a contract sum of Kshs.12,495,410 in 2019/2020 financial year. Review of the project record revealed that a total of Kshs.14,490,820 had been disbursed to the project as at 30 June, 2021, which had exceeded the contract price by Kshs.1,995,410. Although, the full disbursement had been done, physical verification of the project carried out on 07 April, 2022 revealed that the project was incomplete, and the contractor was not on site. In the circumstances, the public may have achieved value for money from the projects.

Management Response

2585. Management confirmed that the project is complete . The transfer of Ksh.14,490,820 was for implementation of four projects: construction and completion of the hall, supply of furniture to the hall, pit latrine, and water harvesting.

Committee Observation

2586. The Committee observed that the matter was adequately addressed and resolved.

4.4.9 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Inaccuracies in the Financial Statements

2587. Review of the financial statements provided for audit revealed the following inaccuracies; The statement of receipts and payments reflects expenditure on use of goods and services of Kshs.10,964,187 as disclosed in Note 5 to the financial statements. The amount includes expenditure on utilities, supplies and services of Kshs.181,678 with comparative amount of

Kshs.237,420. However, the audited financial statements for 2020/2021 reflects nil balance resulting in unreconciled variance of Kshs.237,420. Note 17.4 to the financial statements reflects comparative total PMC bank balance of Kshs.2,757,090 while Annex 5 on PMC bank balances has no comparative balance.

2588. The statement of cash flows reflects use of goods and services and transfers to other government units amounts of Kshs.11,414,187 and Kshs.92,020,000, respectively while the statement of receipts and payments reflects amounts of Kshs.10,964,187 and Kshs.92,470,000, respectively resulting to an unexplained variance of Kshs.450,000 and Kshs.450,000. The summary statement of appropriation reflects budget utilization difference of Kshs.197,954,925 instead of Nil amount for the transfers from the NGCDF Board. In the circumstances the accuracy, completeness, presentation and disclosure of the financial statements could not be confirmed.

Management Response

2589. Management noted the audit observation on errors in comparative figures in Note 5 on use of goods and services. Management is committed to ensuring that all future financial statements include accurate and consistent comparative figures in line with applicable public sector accounting standards. Management acknowledges the audit observation that Annex 5 -- PMC Bank Balances as at 30 June 2022 reflected nil comparative figures, whereas the audited financial statements for the year ended 30 June 2019 reported PMC balances amounting to Kshs.2,757,090. Management is committed to ensuring that all future financial statements include accurate and consistent comparative figures in line with applicable public sector accounting standards. The misclassification was in the use of goods and services in the statement of cash flows, affecting use of goods and other transfers. However, the correct figure is per the statement of receipts and expenditure. The discrepancy arose from errors in preparing the statement of appropriation, which was noted. Management recognized that inaccuracies in the appropriation statement affect the reliability, completeness, and presentation of the financial statements and is committed to strengthening reporting controls.

Committee Observation

2590. The Committee observed that the matter was adequately addressed and resolved.

b) Variances in the Funds Transferred from the Board

2591. The statement of receipts and payments and Note 1 to the financial statements reflects transfers from the National Government Constituencies Development Fund Board amount of Kshs.181,477,758 while the NG-CDF Board website shows total transfers of Kshs.146,088,878 resulting to an unexplained difference of Kshs.35,388,880. Further, review of the records disclosed that AIEs No. B105786 of Kshs.24,000,000 and No. B155951 of Kshs.11,388,879 were omitted in the NG-CDF Board website records. In the circumstances, the accuracy and completeness of the transfers from the National Government Constituencies Development Fund Board balance could not be confirmed.

Management Response

2592. Management assured that Ksh. 181,477,758 was received. However, the Board is responsible for updating AIEs received by each constituency.

Committee Observation

2593. The Committee observed that the matter was adequately addressed and resolved.

c) Misclassification of Emergency Expenditure

2594. The statement of receipts and payments reflects other grants and transfers amount of Kshs.62,836,763 as disclosed in Note 7 to the financial statements. The amount includes emergency projects expenditure of Kshs.10,442,206. Review of the ledger and the payment vouchers provided revealed that transfer payment to Nasipa Primary School for construction and renovation of two (2) classrooms at a cost Kshs.1,300,000 was classified as emergency project instead of transfers to other Government entities projects. In the circumstances, the accuracy and classification of expenditure on emergency projects could not be confirmed.

Management Response

2595. The amount was Kshs.1,00,000 for construction of one classroom at Nasipa Primary School, which was funded through re-allocation of the emergency vote; therefore, the expenditure was classified not as emergency but as transfers to other government entities' projects.

Committee Observation

2596. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Expenditure on Acquisition of Assets

2597. The statement of receipts and payments and Note 8 to the financial statements reflects acquisition of assets amount of Kshs.2,097,566. However, review of the ledger amount revealed transactions totaling to Kshs.903,798 which were not supported by payment vouchers, invoices and interim certificate of payments. In the circumstances, the regularity of expenditure on acquisition of assets could not be confirmed.

Management Response

2598. Management provided payment vouchers, invoices, and interim certificates of payment for audit review.

Committee Observation

2599. The Committee observed that the matter was adequately addressed and resolved.

e) Misstatement in the Cash and Cash Equivalents Balance

2600. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.26,063,209 as disclosed in Note 10A to the financial statements, while bank reconciliation statement and the cashbook reflect a balance of Kshs.26,150,608, resulting to an unexplained difference of Kshs.87,399. The difference relates to retention money recorded in the cashbook but not banked. The Management has not explained where the money is held. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.26,063,209 could not be confirmed.

Management Response

2601. This omission related to the retention provision omitted from the statement of assets and liabilities. The amount of Ksh.87,399 relates to retention omitted from cash and cash equivalents of Ksh.26,063,209 as reflected in the statement of assets and liabilities, which was a provision but not paid. Therefore, the correct balance is Kshs.26,150,608 in the cashbook.

Committee Observation

2602. The Committee observed that the matter was adequately addressed and resolved.

f) Fixed Assets Balance

2603. The statements of receipts and payments reflects expenditure on acquisition of assets of Kshs.2,097,566 (2021-Kshs.3,275,902) as disclosed in Note 8 to the financial statements. The amount is in relation to refurbishment of buildings. However, annex 4 on summary of fixed assets register reflects comparative balance for buildings and structures of Kshs.500,000. Further, annex 4 reflects total fixed assets balance of Kshs.10,648,259 while the fixed asset register provided for audit reflects balance of Kshs.19,303,724. In the circumstances, the accuracy, valuation, of the fixed assets balance could not be confirmed.

Management Response

2604. The summary in the asset register in the subsequent year was amended to reflect the reconciled balance of Ksh.22,774,757. The register was updated to reflect the correct position.

Committee Observation

2605. The Committee observed that the matter was adequately addressed and resolved.

g) Unsupported Expenditure on Other Grants and Transfers

2606. The statement of receipts and payments reflects expenditure on other grants and transfers amount of Kshs.62,836,763 as disclosed in Note 7 to the financial statements. The amount includes bursary to tertiary institutions of Kshs.36,199,100 which further include payment to a Technical Training Institution of Kshs.19,419,100, for training motor bike riders and PSV motor vehicle drivers. The applications and admission to the training institution for the beneficiaries, and vetting reports from the bursary committee were not provided for audit. Further, the training services were procured through request for quotations to four institutions which were not in the pre-qualified list of suppliers provided. In the circumstances, the completeness, regularity and occurrence of the expenditure on other grants and transfers could not be confirmed.

Management Response

2607. The applications and admission of the beneficiaries was under normal bursary applications.

Committee Observation

2608. The Committee observed that the matter was adequately addressed and resolved.

h) Budgetary Control and Performance (Other Matter)

2609. The summary statement of appropriation reflects final expenditure budget and actual on comparable basis of Kshs.197,954,925 and Kshs.171,891,716, respectively, resulting to under expenditure of Kshs.26,063,209 or 13% of the budget. The under-expenditure affected implementation of the planned activities and programs and impacted negatively on service delivery to the public.

Management Response

2610. The under-expenditure was due to delayed disbursement of funds by the exchequer. However, funds were received and projects implemented.

Committee Observation

2611. The Committee observed that the matter was adequately addressed and resolved.

i) Implementation of Projects by the Fund

2612. The statement of receipts and payments reflects expenditures on transfer to other Government units and Other grants and transfers of Kshs.92,470,000 and Kshs.62,836,763 respectively as disclosed in Notes 6 and 7 to the financial statements. Field verification conducted in the month of March, 2023 revealed anomalies in the projects implementation as noted below;

2613. Olkaria Primary School - The project was funded through emergency allocation of Kshs.2,400,000, for renovation of four (4) classrooms. The project was completed, branded and in use. The completion certificate was issued on 10 May, 2022. However, the classrooms floor and the veranda had chipped, electrical repairs to hanging cables, sockets, switch plates and replacement of broken fittings valued at Kshs.40,000 as per the bill of quantities were not done. Further, three (3) access ramps into the classrooms out of the four (4) required, each valued at Kshs.7,000 and totaling to Kshs.21,000 were not done.

2614. Nkariak - Ronkena Chief's Office - The project was allocated an amount of Kshs.3,200,000 for construction of a Chief's Office, Assistant Chief's Office, registry, secretary's office, (2) offices for administration police, armory, waiting bay, and (3) door pit latrine. The project was completed, branded and completion certificate issued on 19 July, 2022. Field verification however, revealed that, curtain rods provided for in the bill of quantities at Kshs.19,800 were not installed and the final coat of paint was not applied in the Sub-chief's office. The project was not yet in use.

2615. Kimana Primary School - The project was for the supply of two (2) PVC water tanks, water harvesting infrastructure and hygiene points all at a cost of Kshs.450,000. The two (2) PVC water tanks were installed but water harvesting infrastructure to enable collection of water into the tanks and hygiene points were not done.

2616. Kimana Assistant County Commissioner's Office - The project was for the construction of an Assistant County Commissioner's Office, area Chief's Office, Assistant Chief's Office, registry, secretary's office, two (2) offices for administration police, armory, waiting bay and three (3) offices for divisional service providers at contract price of Kshs.6,000,000. The project was complete and branded but not yet in use. In the circumstances, value for money for the projects implemented above could not be confirmed.

Management Response

2617. Olkaria Primary School - Management stated that the defects and omissions noted in the project were corrected through retention monies, and a certificate of making good defects was issued. Nkariak - Ronkena Chief's Office - The management wish to state that the curtain rod and painting to the project were done as evidence through photo of the project. Kimana Primary School - The management wishes to state that harvesting infrastructure for the water tank was installed, as evidenced by photos of the project. Kimana Assistant County Commissioner's Office - The management stated that Kimana Assistant County commissioner office is operational and in use.

Committee Observation

2618. The Committee observed that the matter was adequately addressed and resolved.

j) Implementation of Emergency Projects

2619. The statement of receipts and payments reflects other grants and transfers amount of Kshs.62,836,763, which includes expenditure on emergency projects of Kshs.10,442,206 as disclosed in Note 7 to the financial statements. The expenditure on emergency projects was however, not supported by a report to the Board which ought to have been submitted within thirty (30) days of the occurrence of the expenditure. This is contrary to Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which provides that the utilization of the emergency reserve shall be reported to the Board within thirty (30) days of the occurrence of the emergency, in the format prescribed by the Board. In the circumstances, the Management was in breach of the law.

Management Response

2620. Management stated that it reported the occurrence of the emergency to the Board within the stipulated time.

Committee Observation

2621. The Committee observed that the matter was adequately addressed and resolved.

k) Procurement of Primary and Secondary Schools Projects

2622. The statement of receipts and payments and Note 6 to the financial statements reflects transfers to other Government units amount of Kshs.92,470,000, being expenditure on implementation of Primary and Secondary schools' projects. Review of four (4) sampled projects' procurement files revealed the following irregularities contrary to Regulation 27(1) of the National Government Constituencies Development Fund Regulation, 2016 which requires that the Public Procurement and Disposal laws to be applied with respect to any procurement by a Constituency Committee or project management committee;

2623. Kimana Primary School Project - The project was awarded at a contract price of Kshs.4,148,000, for the supply 1,000 conference chairs and 5 steel frame conference tables for multi-purpose hall. Review of procurement records revealed that there was no professional opinion submitted for approval to Accounting Officer. Further, the inspection and acceptance report was not signed by the committee members.

2624. Korinko Secondary School Project - The project was awarded at a contract sum of Kshs.5,499,304.80 to carry out renovation of office block, three classrooms and toilet blocks. Review of the procurement records revealed that the contract was however, not advertised in the media though it met the threshold of the National tender of amount above 5 million. Further, professional opinion was not prepared for approval by Accounting Officer and inspection report was not signed by the committee members.

2625. Olmapitet Manhae Secondary School Project - The project was awarded through at a contract sum of Kshs.4,798,450 to erect chain-link fence and construction of a gate. Review of the procurement records revealed that the inspection and acceptance committee report was not signed by the committee members, professional opinion was not prepared.Enkii Boys Secondary School Project - The project was awarded at a contract sum of Kshs.4,299,134 to construct a solar electric fence. Review of the procurement documents revealed that professional opinion was not prepared and approved by the Accounting Officer. The inspection and acceptance committee members were not appointed. In the circumstances, Management was in breach of the law.

Management Response

2626. Management submitted the professional opinion and the signed inspection and acceptance report by the committee members for the auditor's review. Management stated that the project was placed on the constituency notice board as a tender notice, as evidenced by a copy of the tender notice. The professional opinion and the signed inspection and acceptance report by the committee members have been submitted to the auditor for review. The committee members' inspection and acceptance report and the professional opinion have been submitted for the auditor's review.

Committee Observation

2627. The Committee observed that the matter was adequately addressed and resolved.

4.4.10 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Inaccuracies in the Financial Statements

2628. Review of the financial statements presented for audit revealed the following inaccuracies: The statements of assets and liabilities reflect Nil retention balance while the corresponding Note 14 reflects an amount of KSHS 87,399 on the same item resulting to variance of Kshs.87,399. The statements of receipts and payments reflect total receipts and total payments of Kshs.87,345,445 and Kshs.68,193,593 respectively. However, the surplus of Kshs.19,151,852 was not disclosed in the statements. The statements of receipts and payments and as disclosed in Note 4 to the financial statements reflects an amount of Kshs.2,119,546 in respect to compensation of employees. However, the ledgers reflect an amount of Kshs.2,121,260 resulting to an unexplained variance of Kshs.15,566. The financial statements reflect comparative balance for ten (10) components which are at variance with the corresponding balances reflected in the audited financial statements for the year ended 30 June, 2022 as shown in the table below:

Table 76: Kajiado South Constituency, FY 2022/2023 – Inaccuracies in the Financial Statements

Component	Comparative Balance in the Financial Statements for 2022/2023(Kshs)	Notes	Balance in the Audited Financial Statements for 2021/2022(Kshs)	Variance (Kshs)
Sitting Allowance	2,200,000	5	2,900,000	700,000
Other Committee Expenses	2,354,472	5	354,472	2,000,000
Committee Expenses	4,554.472	5	3,254,472	1,300,000
Training Expenses	1,500,000	6	2,800,000	1,300,000

Component	Comparative Balance in the Financial Statements for 2022/2023(Kshs)	Notes	Balance in the Audited Financial Statements for 2021/2022(Kshs)	Variance (Kshs)
Use of GoodS and Services	6,409,715	6	7,709,715	1,300,000
PMC Account Balance	466,747	19.4	2,730,249	2,263,502
Summary of Fixed Assest Register		Annex		
Land	300,00	4	0	300,000
Building and structures	14,171,034	4	2,597,566	11,573.468
Office Equipments and Furniture and Fittings	552,830	4	299,800	253,030
Fixed Assets Register	22,774,757	4	10,648,259	12,126.498

2629. In Circumstance, the accuracy of the financial statements could not be confirmed.

Management Response

2630. The amount of Kshs.87,399 was provided for retention, which was not reported in the face of the financial statement under the IPSAS cash reporting basis, but rather as a disclosure. This was a clerical error and was addressed in the subsequent financial year 2023-2024 in the receipts and payments. Management confirmed it was a clerical error. Ksh.4,554,472 was reclassified from use of goods to committee expenses in Note 5 in the financial year 2022-2023, as per the report. Ksh. 6,409,715 was due to a change in the 2023/2024 template that declared committee expenses separately. The PMC balances were updated to reflect the correct figure. The summary of fixed assets was updated to reflect the correct figure.

Committee Observation

2631. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Project Management Committee Balances

2632. Note 19.4 and Annex 5 to the financial statements reflects project Management Committee (PMC) bank balances totaling Kshs.655,720. However, the cash books, bank reconciliation

statements and certificates of bank balance for the individual PMC accounts were not provided for audit. In Circumstance, the accuracy and completeness of the PMC balance of the Kshs.655,720 could not be confirmed.

Management Response

2633. Management confirmed that PMC had not prepared the cash books and bank reconciliation statements, but had provided Bank account certificates.

Committee Observation

2634. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance (Emphasis of Matter)

2635. The Summary statements of appropriation reflect final receipts budget and actual on comparable basis of Kshs.171,496,257 and Kshs.113,408,654 respectively resulting to an under-funding of Kshs.58,087,603 or 34% of the budget. However, the fund spent an amount of Kshs.68,193,593 against actual receipts Kshs.113,408,654 resulting to an under-utilization of Kshs.45,215,061 or 40% of the actual receipts. The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2636. The under-funding and underutilization were due to delayed disbursement of funds by the exchequer. However, funds were received and projects implemented.

Committee Observation

2637. The Committee observed that the matter was adequately addressed and resolved.

d) Unresolved Prior Year Matters (Other Matters)

2638. The audit report of the previous years, highlighted several issues in respect of the Report on financial statements and reports of lawfulness and effectiveness in use of public Resources. However Management has not resolved all the issues or given any explanation for the failure to implement the recommendations.

Committee Observation

2639. The Committee observed that the matter was adequately addressed and resolved.

e) Lack of Criteria for Award of Bursaries (Report of Lawfulness and Effectiveness)

2640. The statements of receipts and payments and as disclosed in Note 8 to the financial statements, reflects an amount of Kshs.46,807,184 in respect of other grants and other transfers. Included in the amount are bursary disbursement to secondary school and tertiary institution amounting to Kshs.39,863,200. However, review of supporting documents revealed that bursaries amounting to Kshs.6,123,200 were disbursed to tertiary institutions without approved criteria and guidelines. This was contrary to Regulation 3(b) of the Public Finance Management (National Government) Regulations, 2015 which states that an accounting Officer shall ensure that public funds are properly safeguarded and applied for the purpose for only which they were intended and appropriated. In the circumstance, Management was in breach of the law.

Management Response

2641. Management provided applications for the bursaries and minutes of the Bursary Committee as evidence of approval of the bursary awards for audit review.

Committee Observation

2642. The Committee observed that the matter was adequately addressed and resolved.

f) Irregular Engagement of Casuals

2643. The statements of receipts and payments and as disclosed in Note 6 to the financial statements reflects an amount of Kshs.5,784,150 in respect use of goods and services which includes amount of Kshs.803,542 in respect of other operating expenses. Included in the expenditure is amount of Kshs.441,500 being payment of wages to casuals for period between July 2022 to March 2023. Review of documents provided revealed that the casuals were paid for period of nine (9) months without engagement letters showing the terms of contract, entitlement, benefits and scope of works. Further, the casuals worked beyond three (3) months without being engaged on contractual or permanent basis contrary to section 37(1)(b) of the Employment Act 2007. In the circumstance, Management was in breach of the law.

Management Response

2644. Management provided engagement letters showing the terms of the contract, entitlements, benefits, and scope of works for the auditor's review.

Committee Observation

2645. The Committee observed that the matter was adequately addressed and resolved.

g) Poor Implementation of Projects

2646. The statements of receipts and payments and as disclosed in Note 7 to the financial statements reflects an amount of Kshs.8,334,000 in respect of transfer to other Government units. Included in the expenditure are amount of Kshs.6,118,000 and Kshs.2,216,000 in respect of transfers to primary and secondary school respectively. Enkongu-Narok primary school had a project for construction of administration block at a contract sum of Kshs.2,798,780 while Oloilalei Primary School had a project for the construction and erection of chain link fence and gate at contract sum of Kshs.2,463,275. However, physical inspection of projects conducted in the month of March, 2024 indicated that the project at Enkongu-Narok primary school had floors and walls cracked and the ceiling had a hole while Oloilalei Primary School gate had sunk and difficult to open and a section of the fence was destroyed.

2647. Further, Kimana Mixed Secondary School project at a contract sum of Kshs.5,496,549 for construction of administration block had floor, doors and office partition racked and toilets ramps not constructed to support persons living with disabilities. Further, the entrance to the toile door was not fitted anti-splash gutters. Further, at Oibili Primary School project for construction of two classrooms at a contract sum of Kshs.2,238,592 which had been completed had cracked floor and walls. In circumstance, value for money was not obtained from the poorly implemented projects.

Management Response

2648. Management stated that the defects and omissions noted during project implementation were corrected during the defects liability period, and the Public Works Officer issued a certificate of making good defects.

Committee Observation

2649. The Committee observed that the matter was adequately addressed and resolved.

h) Failure to Surrender Unutilized Balances

2650. Note 19.4 to the financial statements reflects PMC account balances of Kshs.655,719. However, review of bank statements and the certificates of bank balance as at 30 June, 2023 revealed that the funds were unutilized and had not been returned to the Constituency Development Fund Account contrary to the provision of Section 12(8) of the National Government Constituencies Development Fund Act, 2015 (Amended 2022) which states that all unutilized funds of the Project Management Committee shall be returned to the Constituency Development Fund main bank account. In the circumstance, Management was in breach of the law.

Management Response

2651. Management engaged the banks to initiate the transfer of the unutilised amounts to the main account. The funds returned have since been received in the cashbook.

Committee Observation

2652. The Committee observed that the matter was adequately addressed and resolved.

i) Irregular Project Management Committee Bank Accounts

2653. Note 7 to the financial statements reflects transfers to other Government units amounting to Kshs.8,334,000 while note reflects an amount of Kshs.46,807,184. Included in the amount is Kshs.14,277,984 transferred to various Project Managements Committee (PMC) accounts for implementation of the projects within the constituency. However introductory letter from the Fund Manager for opening the PMC bank accounts were not provided for the audit. This was contrary to regulation 29 of National Government Constituency Development Fund Regulations, 2016 which provides that each account opening must be accompanied by an introductory letter from the Fund Manager with clear definitions of the signatories. In the circumstance, Management was in breach of the law.

Management Response

2654. The Fund Manager provided introductory letters for opening the PMC bank accounts for audit review.

Committee Observation

2655. The Committee observed that the matter was adequately addressed and resolved.

j) Lack of Strategic Plan (Report on Effectiveness of Internal Controls, Risk Management and Governance)

2656. Review of the organization policy document revealed that in the year under review, the Fund did not have a strategic Plan for the Fund conformity with Medium-Term Fiscal Framework

and Fiscal Policy objective of the National Governments. In the circumstance, it may not be possible for the Fund to align its activities to national strategic Objectives.

Management Response

2657. At the time of the audit, management was developing a strategic plan for the constituency. It has since been developed and availed to the auditor for review.

Committee Observation

2658. The Committee observed that the matter was adequately addressed and resolved.

k) Lack of Disaster Recovery Plan

2659. During the year under review, the fund did not have a Disaster Recovery Plan or Business Continuity Plan and had not implemented a backup and retention strategy. In the absence of a Disaster Recovery Plan or Business Continuity Plan, the entity lacks a framework for identifying, preventing and mitigating against disaster and ensuring that its operation is not interrupted. In the circumstance, the fund is exposed to risks and its operation maybe interrupted.

Management Response

2660. NGCDF Kajiado South implements the Disaster Recovery Plan or Business Continuity Plan provided by the NGCDF Board.

Committee Observation

2661. The Committee observed that the matter was adequately addressed and resolved.

l) Lack of IT Policy

2662. Review of IT control system for the Fund revealed that the Fund did not have an IT Policy in place. Absence of an IT policy means that there is no guide for the entity on management of IT data confidentiality, accuracy, reliability, integrity and availability from being compromised. In the circumstance, the Fund's IT controls were not effective and risks might not be effectively managed.

Management Response

2663. NGCDF Kajiado South implements the IT policy of the NGCDF Board.

Committee Observation

2664. The Committee observed that the matter was adequately addressed and resolved.

m) Failure to Maintain Imprest Register

2665. Review of the records maintained by the Fund revealed that imprest register was not maintained, there was no records, and details of temporary imprest issued, including staff name, date of issuance, staff number, imprest warrant, due dates, and surrender dates for ease of managing and controlling imprest issued to employees. In circumstance, the effectiveness of internal controls in relation to management of imprest could not be confirmed.

Management Response

2666. Management stated that the register was misfiled during the audit exercise. The register was retrieved and made available for audit review.

Committee Observation

2667. The Committee observed that the matter was adequately addressed and resolved.

4.5 Kajiado West Constituency

2668. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Kajiado West Constituency for the financial years 2013/2014,2014/2015,2015/2016,2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022 and 2022/23 and submitted as follows:

4.5.1 Examination of the Reports of the Auditor-General for the FY 2013/2014

a) Cash and Cash Equivalents

2669. The statement of assets and liabilities reflects a cash and cash equivalents of 9,780,375 as at 30th June 2014. However, this balance excludes cash in hand amounting to kshs.597,000 as revealed by cash book. Further, there was no board of cash survey report presented for audit review to ascertain the cash held as at 30th June 2014. Consequently, the accuracy of the cash and cash equivalents balance of 9,780,375 as at 30th June, 2014 could not be confirmed.

Management Response

2670. At the time of the audit, the board of cash survey report had not been done because the creation of Kajiado West Constituency, carved out from Kajiado North and Kajiado Central, had not yet occurred. As a result, some projects initially approved for North and Central Constituencies were mapped out of the two constituencies and consequently transferred to the newly created Kajiado West, in accordance with IEBC-established boundaries. The transaction was still ongoing at the time of the audit; hence, the cash survey report was completed later. The board of the cash survey report reflected Kshs. 597,000 as imprest, which has since been surrendered; the cash book balance of 9,780,375 and the certificate of bank balance as at 30th June 2014 were provided.

Committee Observation

2671. The Committee observed that the matter was adequately addressed and resolved.

b) Transfers to Other Government Units

2672. The statement of receipts and payments reflects a figure of 20,436,420 in respect of funds transfers to other government units for the year ended 30th June 2014. This comprise transfers to primary and secondary schools of 14,181,603 and kshs.5,054,818 respectively. However, the funds did not have detailed returns for the projects undertaken using the above funds. Consequently, the accuracy of the transfers to other government unit's figure of Kshs.20,436,420 for the year ended 30th June, 2014 could not be confirmed.

Management Response

2673. The expenditure returns for the projects have since been provided to the auditor for review.

Committee Observation

2674. The Committee observed that the matter was adequately addressed and resolved.

c) Other Grants and Transfers

2675. The statement of receipts and payments reflects a figure of Kshs.25,768,150 in respect of the other grants and transfers for the year ended 30th June 2014. This figure includes bursaries paid to tertiary institutions and secondary schools amounting to kshs.7,927,000 and kshs.5,284,700 respectively. However, the fund did not have acknowledgements for the amount money disbursed to the various entities. Consequently, the accuracy of the transfers to other grants and transfers figure of Kshs.25,768,150 for the year ended 30th June, 2014 could not be confirmed.

Management Response

2676. At the time of audit, the acknowledgement receipts had not been received from various schools. However, the management provided acknowledgement receipts and bank statements for audit review.

Committee Observation

2677. The Committee observed that the matter was adequately addressed and resolved.

d) Inaccuracies in the Financial Statement

2678. The following anomalies were noted in the financial statements: The description of some items in the financial statement of receipts and payments did not agree with those in the notes. The notes to the accounts exclude notes on the related party transactions, management risks and do not disclose whether any liabilities exist or not. The table of content is incorrectly numbered. Most pages of the financial statement have headings which includes figures that have not been explained.

2679. There is repetition of notes numbers in the financial statement while some of the notes show the government financials services code numbers which are not necessary for reporting purposes. In addition, some pages do not indicate the constituency's name, kind of report submitted and the period of reporting. The financial statement include blank notes to the accounts which do not support any figure.

Management Response

2680. The issues pointed out in the audited IPSAS for the year ended 30th June, 2014, as outlined in items 4(i-iv), were noted and rectified, as shown in the revised financial statement report.

Committee Observation

2681. The Committee observed that the matter was adequately addressed and resolved.

4.5.2 Examination of the Reports of the Auditor-General for the FY 2014/2015

a) Accuracy and Presentation of the Financial Statement

2682. The summary statement of appropriation reflects a budget of Kshs.153,329,164 while the project proposal documents held by the CDF Board reflects an approved budget of Kshs.100,981,202 as detailed below:

Table 77: Kajiado West Constituency, FY 2014/2015 – Accuracy and Presentation of the Financial Statement

Items	Budget as per Summary Statement of Appropriation Kshs	Budget as per project proposal document with CDF Board Kshs	Difference Kshs
Compensation of Employee	2,799,089	2,303,400	495,689
Use of goods and services	3,434,513	2,429,436	1,005,077
Committee Expenses	7,864,122	4,793,472	3,070,650
Transfer of Other Govt Units	57,239,087	46,037,931	11,201,156
Other grants and other payments	66,511,585	37,954,963	28,556,622
Social Security Benefits	23,200	12,000	11,200
Acquisition of Asset	15,057,568	6,950,000	8,107,568
Other Payments	500,000	500,000	-
	153,429.164	**100,981,202**	**52,447,962**

2683. No reconciliation or explanation was provided for the variance. Consequently, the accuracy of the figures disclosed in the statement could not be confirmed.

Management Response

2684. The difference arose from adjustments to the original budget, which include the opening balance and the previous year's balances not received from the board. The funds were later received and implemented to completion.

Committee Observation

2685. The Committee observed that the matter was adequately addressed and resolved.

b) Cash and Cash Equivalent

2686. The statement of assets as at 30 June 2015 reflects Cash and Cash Equivalents balance of Kshs.13,533,583. A review of the bank reconciliation statements revealed that as at 30 June 2015, cheques totaling Kshs.17,897,689 were presented out of which a total of Kshs.2,236,926 were stale cheques. Out of the stale cheques, were cheques with a value of Ksh.2,227,006 related to three projects as detailed below, while the rest related to unremitted statutory deduction?

Table 78: Kajiado West Constituency, FY 2014/2015 – Cash and Cash Equivalent

Cheque No	Date	Payee	Details	Amount Kshs
0759	16/5/2014	PMC Langeruani Dispensary	Purchase of water pumping machine	500 ,000
0761	16/5/2014	PMC Kibiko water	Drilling of Borehole	1,000,000
1032	20/11/2014	PMC Olepolos stadium	Construction of Stadium	727,006
TOTAL				**2,227,006**

2687. No reason was given for the failure to issue the cheque to the three projects, or remit the statutory deductions as required by law.

Management Response

2688. The cheques were reversed and replaced in the subsequent year.

Committee Observation

2689. The Committee observed that the matter was adequately addressed and resolved.

c) Budget and Budgetary Controls (Other Matter)

2690. The summary statement of appropriation reflects receipts from CDF board totaling Kshs.80,984,146 against the budget amount of Ksh.153,429,164. The Fund had a positive opening balance of Kshs.9,780,376 making total available funds of Kshs.90,764,522 or about 59% of the budget. However, out of the Kshs.90,764,522 available funds, the Fund utilized Kshs.77,084,140 or about 85% as detailed below:

Table 79: Kajiado West Constituency, FY 2014/2015 – Budget and Budgetary Controls (Other Matter)

Items	Budget	Actual	Absolute Variance	Variance
Receipts	**Kshs.**	**Kshs.**	**Kshs**	**Kshs**
AIEs received	153,429,164	80,984,146	72,445,018	47%
Payments				
Compensation of Employees	2,799,089	1,416,410	1,382,679	49%
Use of goods and services	3,434,513	3,295,488	139,025	4%
Committee Expenses	7,864,122	4,373,850	3,490,272	44%
Transfer to other government units	57,239087	24,901,157	12,536,774	22%

Items	Budget	Actual	Absolute Variance	Variance
Other grants and other payments	65,511,585	28,885,622	26,669,341	40%
Social security benefits	23,200	22,800	400	2%
Acquisitions of assets	15,057,568	14,080,469	977,099	6%
Other payments	500,000	108,344	391,656	78%
Total	153,429,164	77,084,140	45,587,246	30%

2691. The fund therefore had a low absorption of funds where only 50% of the budget was absorbed out of 59% of the budget. No reason provided for this low absorption of funds.

Management Response

2692. The low absorption of funds was due to delayed disbursement of funds from the exchequer. The funds were later utilized effectively, and all projects were completed.

Committee Observation

2693. The Committee observed that the matter was adequately addressed and resolved.

d) Delay in Disbursement of funds (Other Matter)

2694. The statements of receipts and payments reflect receipts totaling Kshs.80,984,146.30 received from the CDF board in 2014/2015 financial year which includes an AIE of Kshs.36,591,665.50 disbursed by the boards on 17th October 2014 to fund 2013/2014 projects within the constituency in 2014/2015. Effectively this means that only Kshs.44,392,480.80 was disbursed in respect of the period under the review by the board to Kajiado West CDF Committee while the approved budget amounted to 90,981,202.00 thus resulting to underfunding of Kshs.46,588,721.20 representing 51% of the total budgets and delay in implementations of projects.

Management Response

2695. The delay in implementing the funds was due to delayed disbursement from the exchequer. The funds were later utilised effectively, and all projects were completed.

Committee Observation

2696. The Committee observed that the matter was adequately addressed and resolved.

e) Implementation of projects - Transfers to other government units (Other Matter)

2697. The summary statement of approximation reflects a budget of Kshs.57,239,087 under transfers to other government units and actual expenditures of Kshs.24,901,157 which resulted in under expenditure of Kshs.32,337,930. The boards therefore did not fund 28 projects as detailed below although they had been approved.

Table 80: Kajiado West Constituency, FY 2014/2015 – Implementation of projects - Transfers to other government units (Other Matter)

	PROJECT ITEMS	AMOUNT ALLOCATED IN CASH
1	Langeuruani Primary School	400,000
2	Kisaju Primary School	500,000
3	Oloosuritia Primary School	1,600,000
4	Naromoru Primary School	400,000
5	Naningoi Primary School	1,200,000
6	Olokeri Primary School	900,000
7	Olokirdingai Primary School	2,500,000
8	Kimelok Girls School	1,800,000
9	Ilparakuo Primary School	900,000
10	Olgumi Primary School	1,200,000
11	Olteyani Primary School	700,000
12	Oltepesi Primary School	600,000
13	Ilparakuo Primary School	900,000
14	Oldonyonyokie Primary School	2,000,000
15	Enchoro esenteu Primary School	2,000,000
16	Inaudot Primary School	2,000,000
17	Oloishoibor Primary School	837,931
18	Olooseos secondary school	600,000
19	Kibiko Secondary School	2,000,000
20	Olooseos Girls Secondary School	800,000
21	Iloodariak Secondary School	700,000
22	Esonorua Secondary School	2,000,000
23	Magadi Secondary School	500,000
24	Oloiborsoit Secondary School	3,000,000
25	Eremit secondary school	2,000,000
26	Kisaju Secondary School	100,000
27	Kimuka Girls Secondary School	100,000
28	Unspecified	100,000
	Total	**32,337,931**

Management Response

2698. The under-expenditure was due to delayed disbursement of funds from the exchequer. The funds were later utilized effectively, and all projects were completed.

Committee Observation

2699. The Committee observed that the matter was adequately addressed and resolved.

f) Implementation of projects - Other grants and transfers (Other Matter)

2700. The summary statement of approximation reflects a budget of Kshs.66,511,585 under other grants and transfers and actual expenditure of Kshs.28,708,082 resulting in an under-expenditure of Kshs.37,648,503.

Table 81: Kajiado West Constituency, FY 2014/2015 – Implementation of projects - Other grants and transfers (Other Matter)

	KSH
Inkiito water project	1,500,000
Embirika kimerok w.project	1,800,000
Oldorko police post	500,000
Mosiro chiefs camp	1,500,000
Ngurumani police post	3,500,000
Emergency projects	2,927,259
Bursaries	707,803
Construction of milk containers	10,000,000
Projects brought forward from 2013/14	10,956,622
Others	11,739,577
TOTAL	**45,131,261**
Less projects not planned and budgeted for	7,482,758
Under expenditure on budget	37,482,758

2701. From the foregoing, very few of the planned projects for the year were implemented.

Management Response

2702. The under-expenditure was due to delayed disbursement of funds from the exchequer. The funds were later utilised effectively, and all projects were completed.

Committee Observation

2703. The Committee observed that the matter was adequately addressed and resolved.

g) Projects not budgeted and not approved by the CDF Board (Other Matter)

2704. The statement of receipts and payments reflects an expenditure of Kshs.28,855,622 under other Grants and Other Payments, which include the cost of four (4) projects funded by the CDF Committee in 2014/2015 with a value of Kshs.7,482,758 as shown:

Table 82: Kajiado West Constituency, FY 2014/2015 – Projects not budgeted and not approved by the CDF Board (Other Matter)

Project name	Amount Disbursed Kshs
Sports	
Ilngarooj market olkeri road	2,000,000

Project name	Amount Disbursed Kshs
Elangata Ewuas health centre	2,241,379
Kimuka Dispensary	2,241,379
Wananchi Sanitary	1,000,000
Total	7,482,758

2705. No reason was given for failing to obtain the CDF Board's approval to reallocate the expenditure to the unbudgeted projects.

Management Response

2706. The projects were reallocated; the request for reallocation, minutes, and the reallocation approval letter have since been provided to the auditor for review.

Committee Observation

2707. The Committee observed that the matter was adequately addressed and resolved.

4.5.3 Examination of the Reports of the Auditor-General for the FY 2015/2016

a) Presentation and Disclosures of the Financial Statements

Missing Financial Statement Pages

2708. Pages 15 to 23 of the financial statements are missing. The financial statements have, therefore, not been consistently identified and do not conform to the format prescribed by the Public Sector Accounting Standard Board. Further the summary statement of appropriation at page 13 reflects material budget utilization differences for some expenditure items. However, no explanations have been provided for the material variances between the approved budget and the actual expenditure, contrary to the requirements under Paragraph 1.9.8 of International Public Sector Accounting Standard (IPSAS) Cash Basis reporting framework.

Management Response

2709. The missing pages were out of a printing error, which was noted and the management has committed to avoid the occurrence of the same in future.

Committee Observation

2710. The Committee observed that the matter was adequately addressed and resolved.

b) Comparative Balances

2711. The following differences have been noted between comparative figures (2014/2015) reflected in the financial statements for the year ended 30 June 2016 and the balances shown in the audited financial statements for 2014/2015:

Table 83: Kajiado West Constituency, FY 2015/2016 – Comparative Balances

Items	2014/2015 Comparative Figures Kshs	2014/2015 Audited Balances Kshs	Variance Kshs
Use of Goods and Services	7,669,878	3,295,488	4,374,390

Items	2014/2015 Comparative Figures Kshs	2014/2015 Audited Balances Kshs	Variance Kshs
Social Security Benefits	-	22,800	(22,800)
Committee Expenses	-	4,373,850	(4,373,390)
Surplus for the Year	3,952,266	3,930,007	22,259

2712. However, contrary to the requirement of paragraphs 1.4.19 and 1.5 of the IPSAS Cash Basis Financial reporting framework, no disclosures have been made in the notes to the statements to the effects that comparative information in respect of the above specific items is restated. In addition, the nature of the errors and the respected amount of the corrections in the comparative figures have similarly not been disclosed.

Management Response

2713. The Use of Goods and Services item for financial year 2014/2015 had been overstated with Kshs.4,374,390.00 which was classified as Committee Expenses. Social Security Benefits amounting to Kshs.22,800.00 were disclosed under that note. The Committee expenses amounting to Kshs. 4,373,850.00, which were earlier classified under Use of Goods and Services, were reported.

Committee Observation

2714. The Committee observed that the matter was adequately addressed and resolved.

c) Unexplained Adjustment

2715. The statement of assets and the cash flow statement reflects unexplained prior-year adjustment of Kshs.591,220. Further, contrary to paragraph 1.5 of IPSAS Cash Basis reporting framework, the nature and amount of the errors corrected have not been fully disclosed.

Management Response

2716. The unexplained prior-year adjustments amounting to Kshs.591,220.00 were stale bursary cheques and NSSF and NHIF cheques that had not been reversed in the cashbook.

Table 84: Kajiado West Constituency, FY 2015/2016 – Unexplained Adjustment

Payee	Cheque no	Amount (Ksh)
VAT	1068	232,758.60
st dominic kinale	1413	1,500.00
Kisii Uni	1505	10,000.00
Narok Diocese	1538	10,000.00
PCEA Kinyanjui	1542	8,000.00
RVIBS	1547	10,000.00
Rural Aid	1549	10,000.00

Payee	Cheque no	Amount (Ksh)
UON	1569	10,000.00
JKUAT NKU	1599	8,000.00
KIHBT	1610	9,000.00
Marist Uni	1617	13,000.00
NIBS	1622	10,000.00
Vantage ttc	1640	8,000.00
Elangata Wuas	1654	4,000.00
ENKORIKA SEC	1658	9,000.00
Humming Bird	1669	4,000.00
Huruma Children	1670	10,000.00
Ilpolosat	1674	5,000.00
Kaaga boys	1676	4,000.00
KAJIADO ACK	1677	5,000.00
KALEMBO SEC	1680	5,000.00
KIJABE GIRLS	1683	5,000.00
KISERIAN GIRLS	1688	5,000.00
KONZA HIGH	1691	8,000.00
MERUESHI SEC	1705	4,000.00
MIHANGO SEC	1706	5,000.00
NANINGOI SEC	1717	4,000.00
NYAKAHURA SEC	1722	4,000.00
OIBOR SEC	1723	4,000.00
OLOINON CSE	1730	5,000.00
OLOITOKITOK	1731	5,000.00
PUMWANU SEC	1741	5,000.00
RUBATE HIGH	1742	4,000.00
SAJIONI G	1743	4,000.00
SENIOR CHIEF NSA	1744	4,000.00
ST ANTONY SEC	1751	5,000.00
ST MARYS STEPHEN	1754	5,000.00
VISIONARY SCH	1764	4,000.00
NHIF	1779	1,600.00

Payee	Cheque no	Amount (Ksh)
NSSF	1784	2,000.00
KENYA INST	1789	7,000.00
VISION INST	1803	35,000.00
EMBUKANI SEC	1816	5,000.00
NOODARIAK SEC	1820	5,000.00
KAEWA SEC	1822	5,000.00
MOI GIRLS SEC	1829	5,000.00
NAROK BOYS	1833	5,000.00
NGALAEK SEC	1834	5,000.00
OLOIBORSOA	1837	5,000.00
SERVOR CHIEF NSA	1842	5,000.00
NSSF	1850	2,000.00
VISION EMP TRA	1858	14,000.00
FATHER IN JUBILEE	1888	5,000.00
NAMANGA GIRLS	1890	5,000.00
UON	1895	15,000.00
		591,220.00

Committee Observation

2717. The Committee observed that the matter was adequately addressed and resolved.

d) Summary Statement of Appropriation

2718. The summary statement of appropriation reflects original budgeted receipts from the Constituencies Development Fund Board of Kshs.117,236,488 while the approved budget provided for audit review reflects Kshs.108,236,488 leading to unexplained differences of Kshs.9,000,000.

Management Response

2719. The difference was caused by a delay in the Exchequer's disbursement of funds. The funds were later received and utilized.

Committee Observation

2720. The Committee observed that the matter was adequately addressed and resolved.

e) Cash and Cash Equivalents

2721. The statements of financial assets reflect cash and cash equivalents balance of Kshs.58,794,557 as at 30 June 2016, which includes cash in hand balance of Kshs.758,000. However, no board of survey report has been made available for audit verification. Further a review of a cash book revealed that stale cheques totaling Ksh.927,293 were receipted back to the cash book at the close of the year. However, the concerned payees were not included in the notes to the financial statements as pending accounts payable implying that the financial

statements lack adequate disclosure and therefore are not fairly stated. In the circumstance, the accuracy of cash-and-cash equivalents balance of Ksh.58,794,557 as at 30 June 2016 cannot be confirmed.

Management Response

2722. The board of survey, bank reconciliation, certificate of bank balance and cash book extract have since been provided for review. Payment vouchers relating to Kshs.758,000 have been provided for review. Reversed stale cheques have been provided.

Committee Observation

2723. The Committee observed that the matter was adequately addressed and resolved.

f) Use of Goods and Services

2724. Included in goods and services expenditure of Ksh.7,165,368 for the year ended 30 June 2016 are other committee expenses amounting to Kshs.2,306,961. However, payment vouchers for committee expenses amounting Kshs.991,000 did not have sufficient supporting documents such as minutes and monitoring reports to identify the projects monitored and the findings therefrom. As a result, it has not been possible to confirm the propriety of the expenditure of Kshs.991,000 and whether it was incurred for the purposes intended.

Management Response

2725. Kshs. 991,000 relates to committee expenses; payment vouchers with supporting documentation have since been provided for review.

Committee Observation

2726. The Committee observed that the matter was adequately addressed and resolved.

g) Budget and Budgetary Controls (Other Matter)

2727. During the year under review, Kajiado West Constituency fund incurred expenditure totaling Kshs.72,065,967 against an approved budget of Kshs.189,505,729 or approximately 38% resulting in under expenditure of Kshs.117,439,825 as shown below:

Table 85: Kajiado West Constituency, FY 2015/2016 – Budget and Budgetary Controls (Other Matter)

Items	Budget (Kshs)	Actual (Ksh)	Absolute variance (Kshs)	% of utilization
Receipts				
Authority to incur expenditure (AIEs) received	189,358,792	116,588,721	72,770,071	62
Other Receipts	147,000	147,000	-	0

Items	Budget (Kshs)	Actual (Ksh)	Absolute variance (Kshs)	% of utilization
Total Receipts	**189,505,792**	**116,735,721**	**72,770,071**	**62**
Payments				
Compensation of Employees	3,660,000	1,524,649	2,135,251	42
Use of Goods and Services	13,500,643	7,165,368	6,335,275	53
Transfer of Other Government Units	118,941,318	42,239,811	76,701,507	36
Social Security Benefits	30,000	-	30,000	-
Acquisition of Assets	9,783,679	6,800,000	2,983,679	70
Other Grants and Other Payments	33,443,152	14,228,694	19,214,458	43
Other Payments	10,147,000	107,445	10,039,555	1
Total Payments	**189,505,792**	**72,065,967**	**117,439,825**	**38**

2728. The under expenditure is an indication of funds not utilized fully and approved programs not implemented. The budget did not, therefore fully meet the objectives of improving delivery of services to the residents of Kajiado West Constituency.

Management Response

2729. The under-expenditure was caused by a delay in the Exchequer's disbursement of funds. The funds were later received and utilized.

Committee Observation

2730. The Committee observed that the matter was adequately addressed and resolved.

h) Project Implementation (Other Matter)

2731. During the year, Kajiado West Constituency Development Fund did not implement approved projects with a total budget of Kshs.41,696,205. In addition a review of the project status report of the Fund as of 30 June 2016 revealed that twenty four projects with a budget of Kshs.36,842,379 and with aggregate disbursement of Kshs.36,641,379 between the years 2013/2014 and 2014/2015 remained incomplete and were thus non-operational as of 30th June 2016. Consequently, the residents of Kajiado West did not obtain value for money in respect to the twenty four projects funded but not completed as at 30 June 2016.

Management Response

2732. The projects were incomplete due to delayed disbursement of funds; however, once the funds were received, the projects were completed.

Committee Observation

2733. The Committee observed that the matter was adequately addressed and resolved.

4.5.4 Examination of the Reports of the Auditor-General for the FY 2016/2017

a) Cash and Cash Equivalents

2734. The statement of assets reflects a bank balance of Kshs.212,085 as at 30 June 2017. However, monthly bank reconciliation statements have not been provided for audit verification. Consequently, the accuracy of the bank balance of Kshs.212,085 as at 30 June 2017 cannot be confirmed.

Management Response

2735. The monthly bank statements have since been provided for audit review.

Committee Observation

2736. The Committee observed that the matter was adequately addressed and resolved.

b) Outstanding Imprests

2737. The statements of assets reflect outstanding imprests totaling to Kshs.720,000 as detailed below:

Table 86: Kajiado West Constituency, FY 2016/2017 – Outstanding Imprests

Name of the officer	Date imprest issued	Amount-Kshs
Jane Wairimu	3 November 2016	673,000
Jane Wairimu	28 October 2016	47,000
Total		**720,000**

2738. It is indicative from the analysis that the officer was issued with multiple imprests prior to surrender of the previous one contrary to regulation 93 of Public Financial Management (County Government) Regulations, 2015. No action has been taken to recover the outstanding imprests as provided for under the said regulations. Consequently, full recoverability of the outstanding imprests balance of Kshs.720,000 as at 30 June 2017 cannot be confirmed.

Management Response

2739. The imprest of Kshs.720,000 was fully surrendered as per the attached warrants and payment vouchers duly processed.

Committee Observation

2740. The Committee observed that the matter was adequately addressed and resolved.

c) Summary of Fixed Assets Register

2741. The statement of receipts and payments reflects acquisition of assets amounting to Kshs.1,000,000 for the year ended 30 June 2017. However, the summary of fixed assets registers at annex 4 does not indicate any movement during the year. Consequently, the accuracy of the summary of fixed assets register cannot be confirmed.

Management Response

2742. On the issue of fixed assets registers, it was corrected in the subsequent years .

Committee Observation

2743. The Committee observed that the matter was adequately addressed and resolved.

d) Transfers to Other Government units

2744. The statements of receipts and payments for the year ended 30 June 2017 reflects transfer to other government units totalling Kshs.79,630,428 and comprising Kshs.48,680,428 transferred to primary schools, Kshs.26,950,000 transferred to secondary school and Kshs.4,000,000 transferred to tertiary institutions. However, relevant and updated expenditure returns from the project management committees in respect of the transfers have not been provided for audit verification. In the circumstances, the propriety and accuracy of transfers to other government units of Kshs.79,630,428 for the year ended 30 June 2017 cannot be confirmed.

Management Response

2745. At the time of the audit, some project management committees had not filed their expenditure returns. However, all the projects were completed and are in use

Committee Observation

2746. The Committee observed that the matter was adequately addressed and resolved.

e) Net Financial Position

2747. The statement of assets as at 30 June 2017 reflects incorrectly net liabilities instead of net financial position of Kshs.932,085 being the difference between the brought forward fund balance of Kshs.58,245,807 and the deficit for the year of Kshs.57,313,722.

Management Response

2748. The template provided during the year reflected net liabilities instead of net financial position; the template has since been amended to correctly reflect net financial position.

Committee Observation

2749. The Committee observed that the matter was adequately addressed and resolved.

f) Budget and Budgetary Control (Other Matter)

2750. During the year under review, the fund had an approved expenditure budget of Kshs.175,113,545. However, the actual expenditure for the year was kshs.157,497,487 resulting in under expenditure of Kshs.17,616,058. Further, there were significant unexplained variances between the approved budget and actual expenditure under various items as shown below:

Table 87: Kajiado West Constituency, FY 2016/2017 – Budget and Budgetary Control (Other Matter)

Audit components	Current year final Budget figures	Previous year actual Receipts / expenditure	Current year actual figures	Absolute variance budget-Actual	%Budget Absorption
	Kshs	Kshs	Kshs	Kshs	%
Total receipts	175,713,545	116,735,721	100,183,765	75,529,780	57%
Compensation of employees	2,490,000	1,524,649	1,744,375	745,625	70%
Use of goods and services	13,542,137	7,165,368	9,704,534	3,837,603	72%
Transfer to other government units	75,481,507	42,239,811	79,630,428	(4,148,921)	105%
Other grants and transfers	82,599,901	14,775,444	65,418,150	17,181,751	79%
Acquisition of	1,000,000	6,800,000	1,000,000	-	100%

Audit components	Current year final Budget figures	Previous year actual Receipts / expenditure	Current year actual figures	Absolute variance budget-Actual	%Budget Absorption
Assets NG-CDF office					
Total Expenditure	175,113,545	72,065,967	157,497,487	17,616,058	90

2751. No satisfactory reasons have been given for failure to provide explanatory notes for the above significant variances.

Management Response

2752. The underfunding and underperformance resulted from a delay in receiving funds from the Board. However, the funds were received in subsequent financial years, and all projects were later implemented.

Committee Observation

2753. The Committee observed that the matter was adequately addressed and resolved.

4.5.5 Examination of the Reports of the Auditor-General for the FY 2017/2018

a) Transfer to Other Government Units

2754. The statement of receipts and payments reflects transfers to other government units amount of Kshs.18,762,138: (2017 -- Kshs.79,630,428) and as disclosed under Note 6 to the financial statements. However, there was no evidence of the funds having been received and applied for the intended purposes by the beneficiary organizations. This should have been evidenced by relevant and updated expenditure returns from the project management committees for the individual projects undertaken. In the circumstances, the validity and accuracy of transfers to other government units amount of Kshs.18,762,138 cannot be confirmed.

Management Response

2755. Kshs. 18,762,138, being transfers to other government units, were disbursed to relevant PMCs to implement projects in this sector. Project expenditure returns for all implemented projects were provided.

Committee Observation

2756. The Committee observed that the matter was adequately addressed and resolved.

b) Other Grants and Transfers

2757. The statements of receipts and payments reflects other grants and transfers amount of Kshs.43,621,899:(2017-Kshs.65,418,150) and as disclosed under note 7 to the financial

statements. Included in this amount are transfers to twelve projects totaling to Kshs.13,436,754 as detailed out below:

Table 88: Kajiado West Constituency, FY 2017/2018 – Other Grants and Transfers

	Project Name	Voucher No.	Cheque No.	Amount Kshs.
	Murantawua Chiefs Camp	17	4075	500,000
	Oltepesi Chief Office Keekonyokie	56	4143	300,000
	Elangata Wuas Chiefs	50	4145	1,200,000
	Kimuka Chiefs Office	65	4147	1,300,000
	Kajiado West Sub County Headquarter	66	4144	1,365,000
	Murantawua Chiefs Office	62	4148	1,500,000
	Mile 46 Deputy	53	4150	918,464
	Loodokilani Chiefs	64	4149	1,200,000
	Oltepesi Chiefs Camp (Loodokilani)	55	4156	1,200,000
	Torosei Chiefs Office	63	4154	1,353,290
	Singiiraine Chiefs Office	54	4153	1,200,000
	Musenke Chief Office	59	4151	1,400,000
	Total			**13,436,754**

2758. However, support by way of relevant and updated expenditure returns from the respective project management committees were not made available for audit review. In the circumstances, the accuracy and validity of expenditure of Kshs.13,436,754 on transfers to other grants and transfers cannot be confirmed.

Management Response

2759. Kshs.13,436,754 was transferred to PMCs for implementation of 12 projects and was fully implemented, as shown by the attached certificates and project photos; further, the expenditure returns were provided for review.

Committee Observation

2760. The Committee observed that the matter was adequately addressed and resolved.

c) Bank Balance

2761. The statement of assets reflects bank balances (as per the cash book) of Kshs.15,342,951: (2017-Kshs.212,085) and as disclosed under Note 10A to the financial statements. However, management did not provide monthly bank reconciliation statements in support of the balance for audit. Consequently, the accuracy and validity of bank balance of Kshs.15,342,951 as at 30 June 2018 cannot be confirmed.

Management Response

2762. The management provided the bank reconciliation statements to the auditor for review.

Committee Observation

2763. The Committee observed that the matter was adequately addressed and resolved.

d) Budgetary Performance (Other Matter)

2764. The summary statement of appropriation: recurrent and development combined reflects a final budget and actual on comparable basis receipts of Kshs.99,370,740 and Kshs.86,239,516 respectively resulting in underfunding of Kshs.12,174,140 or 13.3%. The underfunding is as a result of the National Government Constituencies Development Fund Board failure to disburse the funds. However, out of the funded amount of Kshs.86,239,516, the Fund absorbed only Kshs.68,892,271 resulting to an under absorption of Kshs.17,347,245 or 20%. Consequently, the projects planned during the year were not implemented impacting on the service delivery for the residents of Kajiado West Constituency.

Management Response

2765. The underfunding resulted from the National Government Constituencies Development Fund Board's delays in disbursing funds as at 30th June 2018. Some of the funding was received during the subsequent financial year as follows. The concerned projects were all implemented.

Committee Observation

2766. The Committee observed that the matter was adequately addressed and resolved.

e) Multiple Imprest

2767. The statement of assets reflects total financial assets of Ksh.18,279,329 which includes outstanding imprest amount of which Kshs.2,936,378 as at 30 June 2018. A review of the imprest schedule revealed instances where officers had been issued with multiple imprest and prior to surrender of the previous one contrary to the Public Financial Management regulations.

Management Response

2768. Several imprests were issued for activities undertaken concurrently. However, Kshs.2,936,378 was surrendered accordingly as per the payment vouchers and warrant certificates provided.

Committee Observation

2769. The Committee observed that the matter was adequately addressed and resolved.

f) Monthly Bank Reconciliation Statements

2770. Contrary to the Public Finance Management (National Government) Regulations, of 2015 number 90(1), the Fund did not prepare monthly bank reconciliation statements. To this extend, the Fund is in breach of the law.

Management Response

2771. The Sub County Accountants have always been preparing on a monthly basis and forwarding bank reconciliation statements to the Accountant General, and copies have been availed for verification as per the.

Committee Observation

2772. The Committee observed that the matter was adequately addressed and resolved.

g) Staff Establishment

2773. The Statement of Receipts and Payments reflect an amount of Kshs.2,032,597 in respect of compensation of employees and as disclosed in note 4. The Fund management did not make available an approved human resource policy, staff establishment and related salary structures. In the circumstances, it is not possible to establish whether there are objective criteria in engagement and placement of staff in the Fund.

Management Response

2774. The NGCDF Board developed a circular to guide staff recruitment and provided it to the auditor for review.

Committee Observation

2775. The Committee observed that the matter was adequately addressed and resolved.

4.5.6 Examination of the Reports of the Auditor-General for the FY 2018/2019

a) Erroneous Prior Year Adjustments

2776. As disclosed under Notes 14 to the financial statement, the statement of cash flows for the year ended 30 June, 2019 reflects Kshs.2,160,332 and Kshs.1,652,692 in respect of prior year adjustment relating to Bank accounts and cash in hand respectively. However, prior year adjustment may arise either as a correction of an error in the financial statements reported for prior period or change in accounting policy/estimate from the previous year in accordance with the international Public Sector Accounting Standards (IPSAS) 3. In the circumstances, this treatment does not conform to international Public Sector Accounting Standards (IPSAS 3) and hence the accuracy of the cash flow statement for the year ended 30 June, 2019 could not be confirmed.

Management Response

2777. The prior-year adjustments relate to stale cheques that were reversed in the subsequent year and not replaced, and an imprest amount of Kshs. 1,652,692.

Committee Observation

2778. The Committee observed that the matter was adequately addressed and resolved.

b) Budget Control and Performance (Other Matter)

2779. The statement of appropriation recurrent and development combined reflects final budget and actual on comparable basis receipts of Kshs.179,665,925 and Kshs.124,575,050 respectively resulting in underfunding of Kshs.55,090,875 or 31%. Similarly, the fund spent Kshs.118,529,988 against an approved budget to Kshs.179,665,925 resulting to an under-expenditure of Kshs.61,135,937 or 34% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Kajiado West Constituency.

Management Response

2780. The underfunding and under-expenditure resulted from the National Government Constituencies Development Fund Board's failure to disburse Kshs. 55,090,875 as at 30th June 2019. The disbursement was received, and concerned projects were all implemented.

Committee Observation

2781. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Bursary Applications

2782. As reported under Note 7 to the financial statements, the statement of receipts and payments reflects other grants and other payments amounting to Kshs.42,584,608 out of which Kshs.28,436,540 was paid out as bursaries to needy students in secondary school and tertiary institutions. However, bursary applications register, showing the names of applicants and identification details, location of domiciled, school and colleges where admitted was not presented for audit.

Management Response

2783. Locational bursary vetting committee minutes of deliberations that conducted the vetting of bursary applicants and duly recorded details of applicants, including the amount, have been availed to the auditor for review.

Committee Observation

2784. The Committee observed that the matter was adequately addressed and resolved.

d) Proposed Construction of Perimeter Boundary Wall not Requested for at Namunyak Primary School

2785. As disclosed under Note 7 to the financial statements, the statement of receipts and payment reflects Kshs.42,584,608 in respect of other grants transfers out of which an amount of Kshs.7,948,965 relates to emergency projects. Examination of contract documents revealed that Kajiado West National Government Constituencies Development Fund Committee disbursed funds amounting to Kshs.1,200,000 to Namunyak Primary School for construction of a perimeter wall. However, there was no request for funding from the school or ministry of education for the emergency funding contrary to section 24,25 and 48 of National Government Constituencies Development Fund Act, 2015. In the circumstances, it was not possible to confirm the nature of the emergency and value for money of the Kshs.1,200,000.

Management Response

2786. The request from Namunyak Primary School in Form A, minutes, has since been availed for audit review.

Committee Observation

2787. The Committee observed that the matter was adequately addressed and resolved.

e) Uncompleted Proposed Construction of one classroom at Olteyani Primary School

2788. Examination of contract documents revealed that Kajiado West National Government Constituencies Development Fund awarded a Firm for Construction of one (1) Classroom at Olteyani Primary School at a contract sum of Kshs.999,750. The contractor had been Kshs.503,874 and certificate No.2 of Kshs.503,874, respectively. Audit inspection undertaken on 22 January, 2020 revealed various anomalies. The roofing was incomplete, the windows had been fixed and finishes and painting had been done. Further, the contractor was not site. Further, the accounting officer failed to form a Constituency Oversight committee for projects to monitor execution of the contract contrary to section 53 of National Government

Constituencies Development Fund Act, 2015. In the circumstances, it was not possible to confirm the validity, regularity and value for use of the Kshs.764,808 paid.

Management Response

2789. The Olteyani Primary School project was completed and is in use, as per the payment, completion certificates, and photographs provided. A Constituency Oversight Committee was formed to monitor execution of the contract in accordance with section 53 of the National Government Constituencies Development Fund Act, 2015.

Committee Observation

2790. The Committee observed that the matter was adequately addressed and resolved.

4.5.7 Examination of the Reports of the Auditor-General for the FY 2019/2020

a) Inaccuracy of the Cash Balance

2791. The statement of assets and liabilities as at 30 June, 2020 reflects cash and cash equivalents balance of Kshs.7,449,779 as disclosed in Notes 10A and 10B to the financial statements. However, the balance indicates nil cash balance while the respective Note 10B to the financial statements reflects cash in hand balance of Kshs.1,652,691 resulting to a difference of Kshs.1,652,691. In the circumstance, the accuracy of cash and cash equivalent could not be confirmed.

Management Response

2792. Kshs.1,652,692 related to imprest that was erroneously classified in Note 11 of the financial statements under review. The financial statements were adjusted in line with amended financial statement note 11. The imprest was surrendered.

Committee Observation

2793. The Committee observed that the matter was adequately addressed and resolved.

b) Unsupported Expenditure on Bursaries

2794. The statement of receipts and payment for the year ended 30 June, 2020 reflects other grants and other payments balance of Kshs.35,051,727 as disclosed in Note 7 to the financial statements. Included in the balance is an expenditure of Kshs.21,500,000 in respect to bursaries to secondary schools and tertiary institutions. However, a review of the bursary files availed for audit revealed that only Kshs.2,648,000 was fully supported with acknowledgement letters while Kshs.18,852,000 was not acknowledged. Further, review of the bank reconciliation statements revealed that bursary cheques totaling Kshs.3,052,710 had not been presented as at 30 June, 2020 and had become stale but were not written back to the cash book as at the time of audit carried out in the month of February, 2021.

Management Response

2795. Copies of acknowledgements of bursary receipts from institutions that issued bursaries were provided. Bursary cheques totalling Kshs.3,052,710 were reversed back to the cashbook and reissued during the 2020/21 financial year, as per the cashbook extract provided.

Committee Observation

2796. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance (Other Matter)

2797. The summary statement of appropriation - recurrent and development combined reflects budgeted expenditure of Kshs.201,163,994 against the actual expenditure amounting to Kshs.124,346,491 resulting to under-expenditure of Kshs.76,817,503 or 38% of the budget. Similarly, the Fund budgeted to receive Kshs.201,163,994 against actual receipts of Kshs.131,796,270 resulting to under collection of Kshs.69,367,724 or 34% of the total budgeted receipts. Based on the approved estimates, under funding and expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2798. The underfunding and under-expenditure resulted from the National Government Constituencies Development Fund Board's failure to disburse Kshs. 69,367,724 as at 30th June 2018. Some of the findings were received during the subsequent financial year as follows. The disbursements were received, and the concerned projects were all implemented as per the attached project completion certificate and photos.

Committee Observation

2799. The Committee observed that the matter was adequately addressed and resolved.

d) Emergency Expenditure on Covid-19

2800. The statement of receipts and payments reflects expenditure on other grants and transfers of Kshs.36,051,727 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.3,000,000 incurred on purchase of sanitizers, installation of hand washing containers, face masks, soaps and detergents. Review of procurement records revealed that, the method of procurement used was Request for Quotation. No justification has been given on why the Fund used this method contrary to requirements of Section 105 of the Public Procurement and Asset Disposal Act, 2015 and First Schedule threshold Matrix for class A entity. Request for Quotation for Goods requires that maximum level of expenditure under this method of procurement be Kshs.2,000,000.

2801. Further, invoice and delivery note on expenditure for Committee Allowances for seven (7) members totaling to Kshs.140,000 was irregularly paid. Further review of tender documents revealed inconsistency in dates with regards to Invoice and delivery note, as the invoice was dated 22 June, 2020 and delivery note dated 9 June, 2020. Further, among the items procured were ten (10) pieces of thermal guns and 5 (2000-Litres) hand-washing tanks. However, there was no distribution list of the items and evidence that they were received by the end users. Consequently, validity of Kshs.3,000,000 expenditure for emergency project for the year ending 30 June, 2020 could not be ascertained.

Management Response

2802. A request for quotation was used because the project management committee acted out of necessity to urgently supply emergency items required for immediate use, to save the lives of vulnerable communities that lack the means to do so and to break the further spread of COVID-19. Items supplied included face masks, thermal guns, hand sanitisers, soaps, and water tanks for hand-washing points across various locations, to save lives in communities that could not access these items easily during the lockdown. Kshs.140,000 was paid out as allowances to the Project Management Committee during the meetings that were held, as per the attached minutes of opening tenders, evaluating tenders, and awarding tenders.

2803. Further, allowances were also paid during the meeting held to approve two payments. Supply of items was duly made in June 2020; the invoice dated 22nd June 2020 was then presented for payment; hence, no inconsistency was noted. The invoice and delivery note on expenditure for Committee Allowances and procurement records were availed for audit review.

Committee Observation

2804. The Committee observed that the matter was adequately addressed and resolved.

e) Poor Workmanship of Projects Implemented

2805. The statement of receipts and payments reflects transfers to other government units expenditure of Kshs.79,291,956 as disclosed in Note 6 to the financial statements. During the year under review, the Fund disbursed Kshs.1,298,200 to the school project management committee for the construction of an administration block with an extra staffroom to completion at Enchoro-Elerai Primary School. However, an audit inspection carried out in the month of February, 2021 revealed that the door locks were broken, the project had not been labelled and the contractor was not on site. Further, the Fund disbursed Kshs.2,500,000 to the School Project Management Committee for the renovation of six classrooms at Ildooriak Secondary School which included plastering, flooring, roofing, fixing doors and windows and painting to completion.

2806. An audit inspection carried out in the month of February 2021 revealed that the fume chamber, Cupboard doors and terrazzo floor had not been completed while student stools had not been bought and the contractor was also not on site. In addition, the Fund gave out Kshs.2,400,000 to the School Project Management Committee for the renovation of six classrooms at Ildooriak Primary School including plastering, flooring, roofing, painting, fixing doors, windows and painting. An audit inspection carried out in the month of February 2021 revealed that the fitted window panes were falling off and no painting of the wall keys was carried out on the back side. The Report of the Auditor-General on National Government Constituencies Development Fund - Kajiado West Constituency for the year ended 30 June, 2020 fascia board was also not repaired and there were visible cracks on the floors. It was further noted that the old roof was painted contrary to the bill of quantities which required that a new roof was to be put up. In the circumstances, the value for money for the expenditure on transfer to other government units of Kshs.79,291,956 could not be confirmed.

Management Response

2807. All projects were repaired and completed and are in use, as per the payment certificates, certificates of making good defects, completion certificates, and photographs provided for review.

Committee Observation

2808. The Committee observed that the matter was adequately addressed and resolved.

4.5.8 Examination of the Reports of the Auditor-General for the FY 2020/2021

a) Inaccuracies in Financial Statements

Variances Between the Statement of Receipts and Payments and the Statement of Cash Flows

2809. The statement of receipts and payments reflects comparative balances for compensation of employees and use of goods and services of Kshs.2,139,459 and Kshs.7,863,349 respectively, while the statement of cash flows reflects comparative amounts of Kshs.2,242,303 and Kshs.7,760,505 respectively.

Management Response

2810. The subsequent year financial statement corrected the erroneous figure of Kshs.56,340,645 captured in the budget execution by sectors on transfers to primary to Kshs. 56,423,036, as per Note 6 to the financial statements.

Committee Observation

2811. The Committee observed that the matter was adequately addressed and resolved.

b) Variances Between Financial Statements and Support Schedules

2812. Note 5 to the financial statements reflects use of goods expenditure amounts of Kshs.10,597,960 in the year under review, which is not in agreement with the respective categories in the supporting schedules, as analyzed below:

Table 89: Kajiado West Constituency, FY 2020/2021 – Variances Between Financial Statements and Support Schedules

Item	Financial Statement Amount (Kshs.)	Supporting Schedule Amount (Kshs.)	Variance (Kshs.)
Utilities, Supplies and Services	22,071	-	22,071
Committee Expenses	2,435,000	2,090,000	345,000
Committee Allowances	3,467,345	2,829,690	637,655
Fuel, Oil and Lubricants	100,000	-	100,000
Training Expenses	1,500,000	1,400,000	100,000
Specialised materials & services	2,287,300	-	2,287,300
Routine maintenance -	786,244	-	786,244

Item	Financial Statement Amount (Kshs.)	Supporting Schedule Amount (Kshs.)	Variance (Kshs.)
vehicles and other equipment			
Total	**10,597,960**	**6,319,690**	**4,278,270**

2813. The variances were not explained. In the circumstances, the accuracy of the financial statements could not be confirmed.

Management Response

2814. The payment vouchers have been availed to support the financial statements. The funds were received and utilized as per the documents provided for review.

Committee Observation

2815. The Committee observed that the matter was adequately addressed and resolved.

c) Irregularities in Other Grants and Other Payments

Irregular Emergency Projects

2816. Note 7 to the financial statements reflects other grants and other payments of Kshs.54,596,658 which includes emergency projects balance of Kshs.11,232,880. However, the amount includes an amount of Kshs.7,490,000 for six projects as tabulated below whose proof to ascertain that they related to emergency expenditure was not provided as required by Section 8(3) of the National Government Constituencies Development Fund Act, 2015.

Table 90: Kajiado West Constituency, FY 2020/2021 – Irregular Emergency Projects

School	Nature of Works	Amount (Kshs.)
Olkiramatian Primary school	Purchase of Fourteen (14) Solar Batteries of 200 Watts	650,000
Olchorro - Onyorri Primary School	Construction of 2 blocks of 4no. Door Each Pit Latrines & Supply of Desks	1,250,000
Naningoi Girls Boarding Primary School	Repair, Renovation, Rehabilitation & Piping	640,000
Oloirien Primary School	Renovation of 8 no. Door Pit Latrines	250,000
Ewangan Primary School	Construction of 2 No. Classrooms	1,200,000
Emboliei Primary School	Renovation of 8 No. Classroom and Administration Block	3,500,000
	Total	**7,490,000**

2817. In addition, there was no evidence provided to confirm that the use of the emergency reserves was reported to the Board within 30 days of occurrence. The expenditure was therefore irregular since it was not emergency in nature. In the circumstances, the validity of the expenditure totalling to Kshs.7,490,000 incurred under emergency projects could not be ascertained.

Management Response

2818. NGCDFB approved the emergency project re-allocation request, and completion certificates were provided.

Committee Observation

2819. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Bursaries

2820. The other grants and other payments include disbursement of bursaries totalling Kshs.30,276,500 in respect of for secondary schools and tertiary institutions for Kshs.19,550,000 and Kshs.10,726,500 respectively. Analysis of the bursary award documents presented for audit revealed the following inadequacies:

2821. The amount of Kshs.30,276,500 allocated as bursary as per Note 7 to the financial statements and budget execution by sectors and projects is 18% of the funds received in the year. Based on the law, the Management ought to have disbursed an amount of Kshs.40,639,510 (25%) resulting to an under issue of bursary in the year under review by Kshs.10,363,010 of 7% of the amount disbursed. No explanation was provided for not adhering to the law.

2822. The Fund Management disbursed bursaries according to various locations within the Constituency. Examination of records provided revealed that bursary awards totalling to Kshs.625,000 were not supported by any approval. Analysis of the bank statement provided for audit review revealed cheques totalling to Kshs.300,000 issued under bursaries could not be traced to the supporting schedule. In addition, the benefiting institutions and respective students could not be established.The appointment letters of the bursary vetting Committee were not provided for audit review and therefore the basis of appointment and terms of service could not be ascertained. In addition, the Bursary Vetting Committee minutes were not provided and, confirmations that the bursaries were indeed received by the respective Institutions were not provided for audit review. In the circumstances, the validity and accuracy of bursary amounts totalling to Kshs.30,276,500 in the year under review could not be ascertained.

Management Response

2823. Due to COVID-19, schools were closed; hence, the previous year's bursary had not been fully disbursed. Therefore, in the current year, management found it wise to allocate a smaller bursary amount. The approval minutes for bursary have been provided to the auditor for review. Regarding the unsupported bursary cheques, as shown in the table below, these were all cheques previously recorded in the cashbook but later returned for correction and reissuance. Recapturing them again creates duplicate entries.

Table 91: Kajiado West Constituency, FY 2020/2021 – Unsupported Bursaries

Cheque No.	Amount Kshs.	Replacement of cheques numbers
8734	15,000	7840, 7734,8680
8757	15,000	7754,8344
8900	10,000	8651
10258	5,000	9943
10021	10,000	9956
10022	10,000	9228
10018	5,000	9867
10257	10,000	9176
10260	55,000	9070
10024	10,000	9957
10270	15,000	9454
10266	10,000	9186
10285	25,000	10241
10268	10,000	10144
10269	10,000	10144
10030	40,000	9487
10284	15,000	10241
10267	10,000	9418
10302	20,000	9054

Cheque No.	Amount Kshs.	Replacement of cheques numbers
Total	300,000	

2824. Locational bursary vetting committees are community members who elect themselves under the supervision of area Chiefs to vet bursary awards at the local level. Bursary vetting committees' minutes are available.

Committee Observation

2825. The Committee observed that the matter was adequately addressed and resolved.

e) Omitted Project Management Committee Bank Account Balances

2826. The Project Management Committee accounts had unutilized account balances of Kshs.67,387,964 as at 30 June, 2021 which were not returned to the Constituency Account, contrary to Section 12(8) of the National Government Constituency Development Fund Act, 2015. Further, a recast of the balances resulted an amount of Kshs.80,469,624. The variance of Kshs.13,081,660 was not explained. In the circumstances, the cash and cash equivalent balance of Kshs.18,177,838 reflected in the statement of assets and liabilities is understated by the amount of unutilized funds in the project management committees accounts.

Management Response

2827. The accurate PMC balance is 67,387,964; the variance of 13,081,660 arose from including projects that do not constitute PMC balance, as the projects were still ongoing. The projects have since been completed.

Committee Observation

2828. The Committee observed that the matter was adequately addressed and resolved.

f) Summary of Fixed Asset Register

2829. Annex 4 to the financial statement reflects land valued at Kshs.2,630,000. A further enquiry on the information revealed that the Fund occupies land of unknown acreage donated to it by the Kajiado County Government and did not possess an allotment letter or title deed of the land in its name as a proof of ownership. The historical cost of the land stated as Kshs.2,630,000 could not be ascertained since no valuation report was provided for audit verification. Further, included in the assets are balances of Kshs.2,592,117 and Kshs.22,900 being value for other machinery and equipment and intangible assets respectively which were not explained. In addition, the Fund constructed the Kajiado West Constituency Development Fund Administration Office Block whose initial historical cost was Kshs.13,353,203 but now stands at Kshs.18,005,000. However, the fixed assets movement schedule to support its build-up was not provided. In the circumstances, the accuracy of the summary of fixed assets register could not be ascertained.

Management Response

2830. The NGCDF office is hosted by Olkejuado County; therefore, the allotment letter available is under the county's ownership. An updated fixed asset register was provided for review.

Committee Observation

2831. The Committee observed that the matter was adequately addressed and resolved.

g) Unsupported Routine Maintenance of Vehicles and Other Transport Equipment

2832. Included in the use of goods and services balance of Kshs.10,597,960 disclosed under Note 5 to the financial statements, is routine maintenance of vehicles and other transport equipment balance Kshs.786,244. However, examination of payment vouchers, supporting records and other motor vehicle records maintained by Kajiado West Constituency revealed that the payments were not supported with the pre-inspection and post inspection reports carried out by the Ministry of Public Works on the alleged vehicles. The repairs were also not recorded in the logbooks (G.P.55) and the request for quotations were not attached.

2833. Further, it was established that the local service orders (LSOs) were issued without evaluation of the tender or quotation and the tender evaluation minutes and the professional opinions were similarly not presented for audit. In the circumstances, the validity, accuracy and completeness of the routine maintenance of vehicles and other transport equipment expenses balance of Kshs.786,244 could not be confirmed.

Management Response

2834. The Ministry of Public Works carried out pre-inspection and post-inspection reports on the alleged vehicles. The Committee presented records of repairs in the logbooks (G.P.55), the request for quotations evaluation report, the tender evaluation minutes, and the professional opinion for audit review.

Committee Observation

2835. The Committee observed that the matter was adequately addressed and resolved.

h) Budgetary Control and Performance (Other Matter)

2836. Examination of the summary statement of appropriation revealed a final expenditure budget of Kshs.215,096,697 against actual expenditure of Kshs.151,829,979 resulting in budget under-utilization of Kshs.63,266,718 or 29%. In addition, the Fund budgeted to receive Kshs.207,646,918 from the CDF Board but received Kshs.162,558,039 resulting in a deficit of Kshs.45,088,879 or 22%. As a result, the Fund did not implement planned and approved projects in accordance with the approved programme thereby denying residents of Kajiado West Constituency services. There is need for Management to relook into its budgeting mechanism.

Management Response

2837. Kshs.207,646,918 was the total amount, comprising the budget for 2020/21 (137,088,879), Previous balances brought forward (7,449,779), and previous years' outstanding (Kshs. 63,108,260). Of this figure of kshs.207,646,918, the NGCDFC Board managed to disburse Kshs. 162,558,039, leaving a balance of Kshs. 45,088,879, which was not disbursed as at 30th June 2020. Accordingly, the projects of Kshs. 45,088,879 were not implemented during the period. The project has since been implemented.

Committee Observation

2838. The Committee observed that the matter was adequately addressed and resolved.

i) Non-Implementation of Projects

2839. Examination of records provided for audit review revealed that fourteen (14) projects with an estimated cost of Kshs.31,300,000 included in the approved programmed for the year were

not implemented as at 30 June, 2021, thereby denying Kajiado West Constituency residents service delivery. The budget execution by sectors and projects indicates that, Kshs.500,000 budgeted under Olentorko Primary School was not disbursed. However, the bank statement reflects that the said amount was disbursed on 26 February, 2021. In addition, according to the project implementation report, the projects in the stated schools were considered to have received the funds and were completed. The anomaly was not explained. The Management by not implementing the projects denied the Constituents of Kajiado West benefits that would have accrued from the projects.

Management Response

2840. The projects were completed and are in use, as per the practical completion certificate and photos provided.

Committee Observation

2841. The Committee observed that the matter was adequately addressed and resolved.

4.5.9 Examination of the Reports of the Auditor-General for the FY 2021/2022

a) Unsupported Expenditure on Emergency Projects

2842. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers amount to Kshs.63,968,955 which includes emergency projects expenditure of Kshs.7,342,207. However, the expenditure on emergency includes an amount of Kshs.4,200,000 spent on six (6) projects which no supporting documents were provided to support the nature of emergencies. Further there was no evidence that the use of emergency reserves was reported to the board within 30 days of occurrence as required by Regulation 20(2) of the National Government Constituencies Development Funds Regulations 2016. In the circumstances, the accuracy and validity of the emergency projects expenditure of Kshs.4,200,000 could not be confirmed.

Management Response

2843. The Reallocation of the emergency approval letter and expenditure returns on the emergency projects were provided to the auditor for review.

Committee Observation

2844. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracies in the Project Management Committee (PMC) Account Opening Balance

2845. Note 17.4 to the financial statements reflects PMC account opening balance of Kshs.67,387,964. However, Annex 5 to the financial statements reflects a balance of Kshs.4,672,670 resulting to an explained variance of Kshs.62,715,294. In the circumstances, the accuracy and completeness of PMC accounts opening balance of Kshs.67,387,964 could not be confirmed.

Management Response

2846. The updated financial statement on the PMC balances has since been availed to the auditor for review.

Committee Observation

2847. The Committee observed that the matter was adequately addressed and resolved.

c) Unsupported Bursaries

2848. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and other transfers of Kshs.63,968,955 which included bursaries to secondary schools and tertiaries institutions of Kshs.25,314,500 and Kshs.14,822,500 respectively. However, the fund issued bursaries totaling to Kshs.40,137,000 or 22% of the total funds received of Kshs.182,177,758.30. This is contrary to Regulation 21(5) of the National Government constituencies Development Fund Regulations, 2016 which states that a constituency committee shall allocate not less than twenty five percent of the funds allocated to a constituency for bursaries. Further the fund made a payment of 200,000 to a driving school for students to undergo training. The board approval was however, not obtained for the expenditure and the criteria for the selection of the beneficiaries has not been disclosed. In addition, the Fund did not provide a detailed list of beneficiaries and the basis of determining the amount awarded to the beneficiaries was not disclosed. Further a schedule for total bursaries of Kshs.1,300,000 includes bursaries totaling to Kshs.85,000 for which beneficiaries' admission numbers were not indicated. In the circumstances, the completeness and validity of bursaries issued of Kshs.40,137,000 could not be confirmed.

Management Response

2849. The committee allocated less than the 25% threshold prescribed by Section 27(1) of the National Government Constituencies Development Fund Regulations, 2016, because the committee had a previous year's bursary of Kshs. 12,000,000, which was received after the close of the financial year. The bursaries were awarded to beneficiaries undergoing training at Style Up Driving School.

Committee Observation

2850. The Committee observed that the matter was adequately addressed and resolved.

d) Unsupported Routine Maintenance of Vehicles and Other Transport Equipment

2851. The statement of receipts and payments and Note 5 to the financial statements reflects an amount of Kshs.8,438,245, being expenditure on use of goods and services, which includes an amount is Kshs.650,845 on routine maintenance of vehicles and other transport equipment. The payments were however, not supported by the pre-inspection and post inspection reports from the Ministry of Public Works. In the circumstances, the validity of expenditure on routine maintenance of vehicles and other transport equipment of Kshs.650,845 could not be confirmed.

Management Response

2852. Pre-inspection and post inspection reports have since been availed for review.

Committee Observation

2853. The Committee observed that the matter was adequately addressed and resolved.

e) Lack of Ownership Documents

2854. Annex 4 to the financial statements summary of fixed assets register reflects a balance of Kshs.35,579,509 which includes land valued at 2,630,000. However, the size of the land

occupied by the Fund, donated by Kajiado County Government does not have an allotment letter or title deed as a proof of ownership. The historical cost of Kshs.2,630,000 could not be confirmed since no valuation report was provided for audit. In addition, the logbook for motor vehicle valued at Kshs.10,400,000 was not provided for audit. In the circumstances, the accuracy and ownership of land and motor vehicle balance of Kshs.2,630,000 and Kshs.10,400,000 respectively both totaling Kshs.13,030,000 could not be confirmed.

Management Response

2855. The NGCDF office is hosted by Olkejuado County; therefore, the allotment letter available is under the county's ownership. An updated fixed asset register has since been provided for review.

Committee Observation

2856. The Committee observed that the matter was adequately addressed and resolved.

f) Unresolved Prior Year Matters

2857. The audit report for the previous year highlighted several issues under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Management Response

2858. Management was awaiting an invitation from the relevant Parliamentary Committee to resolve the issues.

Committee Observation

2859. The Committee observed that prior year matters were resolved by the Accounting Officer after submitting relevant documentation to the Office of the Auditor-General, and the matter was resolved.

g) Poor Implementation of Projects

Olooserian Primary School

2860. The fund management awarded a contract for construction of an administration block at olooserian primary school for a contract sum of Kshs.3,000,000. However physical verification done in March 2023 revealed that the flash doors fitted were not closing as the timber was falling apart, the door frame was falling off from the wall, the ceiling had sections with gaping holes, the walls had cracks and the tiles and skirting were poorly done. In addition, the windows were not shutting and opening with ease and the gutters were not installed, though were in the contract. The retention money had however, been paid to the Contractor.

Eremit Primary School

2861. The fund management awarded contract for the construction of an administration block at Eremit primary school for a contract sum of Kshs.2,500,000. However, physical verification done in March,2023 revealed that the walls had cracks, the ceiling board joints has gaps, the eighteen (18) glass windows had been not been supplied and fitted, the gutters were not installed though in the contract, the door frames were falling off the wall and the flush doors had no handles and were not closing.

Oloika Mushoro Primary School

2862. The fund management awarded contract for the construction two(2) classrooms at Oloika Mushoro Primary school for a contract sum of Kshs.2,400,400. However, physical verification done in march,2023 revealed that the screed floors had cracks, the seven(7) glass windows were not supplied and fitted, the walls had cracked, the classrooms floors had holes and the rain gutters were not fitted. The contractor had already been paid retention money. Further the procurement files: tender evaluation minutes, professional opinions of the head of procurement, inspection and acceptance reports, and monitoring and evaluation reports for the above projects were not provided for audit. In addition, there was no project implementation chart or work plan by the contractor. Further, progress reports from the works officer were not provided for audit. In the circumstances, it was not possible to determine whether the projects were supervised and completed with the contact period and value for money invested in the projects could not be confirmed.

Management Response

2863. The contractor was contacted, and repairs were fully completed.

Committee Observation

2864. The Committee observed that the matter was adequately addressed and resolved.

h) Project Implementation Status - Security - Police Administration Block

2865. The fund management awarded contract for the construction of a police administration block at Kajiado West OCPD office for a contract sum of Kshs.5,321,679. The letter of notification indicated that the duration of the contract was six 6months from date of signing contract on 9 April 2021. However, physical verification done in march 2023 revealed that the project was not complete and the fund management did not provide any information for failure to complete the project within the contract period. In the circumstances, value for money invested in the projects could not be confirmed.

Management Response

2866. The Police administration building has since been completed. Works Officers assessed all works and issued practical completion certificates.

Committee Observation

2867. The Committee observed that the matter was adequately addressed and resolved.

i) Delay in Completion of Petterson Memorial Secondary School Project

2868. The fund management awarded a contract for construction of an administration block at a contract sum of Kshs.9,698,950 for one hundred and eighty 180 days with a completion date of 10 May 2022. However, as at the time of physical verification done in March, 2023 work was still in progress and not completed. In the circumstances delayed project completion has denied the school the benefits envisaged under the project.

Management Response

2869. The project was completed and in use as per the practical completion certificate and photos provided.

Committee Observation

2870. The Committee observed that the matter was adequately addressed and resolved.

j) Lack of Risk Management Policy

2871. During the year under audit management did not have risk management policy strategies, and risk register to militate against risk. This is contrary to Regulation 165 of the Public Finance Management (National Government) Regulations 2015 which states that the accounting officer shall ensure that the national government entities develop risk management strategies, which include fraud prevention mechanism and system of risk management and internal control that builds robust business operations. In the circumstances, existence of an effective risk management measures could not be confirmed.

Management Response

2872. Risk management policy has since been provided to the auditor for review.

Committee Observation

2873. The Committee observed that the matter was adequately addressed and resolved.

k) Lack of Approved Information Communication Technology ICT Security Policy

2874. Review of the funds ICT systems revealed the there was no approved ICT policy for governance and management of its ICT resources. In addition, there is no ICT steering committee in place to assist in the development of ICT policy framework to enable the fund to realize long term ICT strategic goals. Lack of an approved ICT policy may result in unclear direction regarding maintenance of information security across the organization and safeguarding the institutes ICT assets. In the circumstances, existence of effective ICT controls could not be confirmed.

Management Response

2875. The ICT policy has since been provided to the auditor for review.

Committee Observation

2876. The Committee observed that the matter was adequately addressed and resolved.

4.5.10 Examination of the Reports of the Auditor-General for the FY 2022/2023

a) Failure to Return Unspent Balances

2877. The statement of asset and liabilities reflect cash and cash equivalents balance of Kshs.35,647,519. However, Note 19.4 to the financial statements reflects project committee (PMC) bank account balances of Kshs.6,086,529 which a balance of Kshs.2,137,127 in respect to ninety six (96) completed projects which has not been transferred to the fund. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of kshs.35,647,519 could not be confirmed.

Management Response

2878. The management has initiated the process of returning the PMC balances to the main account.

Committee Observation

2879. The Committee observed that the matter was adequately addressed and resolved.

b) Inaccuracy in the Fixed Asset Balances

2880. Annexed 4 to the financial statements on summary of fixed assets balance of Kshs.35,579,509 which includes land valued at kshs.2,630,000. However, the value was not supported by a valuation report and the size of land occupied by the fund donated by the Kajiado County Government does not have an allotment letter or title deed as a proof of ownership. In addition, the log book for a motor vehicle with a value of kshs.10,400,000 was not provided for audit. In those circumstances, the accuracy, completeness and ownership to the land balance of kshs.2,630,000 and motor vehicle balance of kshs.10,400,000 could not be confirmed.

Management Response

2881. The NGCDF office is hosted by Olkejuado County; therefore, their allotment letter is under the county's ownership. The logbook could not be traced; however, the auditor was provided with a request to the Director General, NTSA, to reprint the logbook letter for review.

Committee Observation

2882. The Committee observed that the matter was adequately addressed and resolved.

c) Budgetary Control and Performance (Emphasis of Matter)

2883. The summary statement of appropriation reflects final budget and actual on a comparable basis of kshs.162,952,846 and kshs.108,865,243 respectively resulting to an underfunding of Kshs.54,087,602 or 33% of the budget. However, the fund spent Kshs.73,217,724 against actual receipts of kshs.108,865,243 resulting to an underutilization of Kshs.35,217,724 or 33% of the receipts. The underfunding and underutilization affected the planned activities and may have impacted negatively on the service delivery to the public.

Management Response

2884. The under-funding and underutilization were occasioned by delayed disbursement of funds; however, the funds were later received and projects implemented.

Committee Observation

2885. The Committee observed that the matter was adequately addressed and resolved.

d) Unresolved Prior Year Matters (Other Matter)

2886. The audit report for the previous year highlighted several issues under the Report on Financial Statements and Report on Lawfulness and Effectiveness use of Public Resources. And report on effectiveness of internal controls, risks management and governance which remained unresolved as at 30th However, Management has not provide satisfactory reasons for the delay in resolving the issues.

Management Response

2887. Management was awaiting an invitation from the relevant Parliament Committee to resolve the issues.

Committee Observation

2888. The Committee observed that prior year matters were resolved by the Accounting Officer after submitting relevant documentation to the Office of the Auditor-General, and the matter was resolved.

e) Irregularities in Project Implementation (Basis for Conclusion)

2889. The statement of receipts and payments reflect transfers to other government units amounting to kshs.9,797,130 as disclosed in note 7 to the financial statements. The amount includes transfers of kshs.4,000,000 for the construction of one hundred and sixty (160) beds capacity dormitory in Kibiko Secondary School. However, physical inspection in March 2024 revealed that works in the bill of quantities amounting to kshs.1,458,600 were either defective or were not undertaken. Further, ceiling works had developed leakages while curtain rods, fire alarm circuit, dhobi sinks and shower for persons with disabilities had not been fitted. In the circumstances, the value for money on the expenditure of kshs.1,458,600 incurred on the construction of the dormitory could not be confirmed.

Management Response

2890. The project was completed and in use as per the provided practical completion certificate and photos.

Committee Observation

2891. The Committee observed that the matter was adequately addressed and resolved.

f) Issuance of Bursaries Above Limit

2892. The statement of receipts and payments reflects other grants and transfers amount of Kshs.51,303,368 as disclosed in note 8 to the financial statements. The amount includes bursaries to secondary schools and tertiary institutions totaling Kshs.38,659,000. However, analysis of the payment vouchers and minutes of the bursary committee revealed that eight beneficiaries were awarded bursaries above the set parameters which was not explained. In the circumstances, the internal controls on issuance of bursaries could not be confirmed.

Management Response

2893. The students were identified as extremely needy, therefore warranted the higher amounts of bursary, the minutes of approval have since been provided to the auditor for review.

Committee Observation

2894. The Committee observed that the matter was adequately addressed and resolved.

CHAPTER FIVE

5.0 CONCLUSION

2895. Having examined the reports of the Auditor-General on the financial statements of the National Government Constituencies Development Fund for Constituencies in Nairobi County for the financial years 2016/17 to 2022/2023 and for Constituencies in Kajiado County for the financial years 2013/2014 to 2022/2023 pursuant to Standing Order 199(6), the Committee recommends that the House **ADOPTS** the **Nineteenth Report on audited financial statements for the National Government Constituencies Development Fund for Constituencies in Nairobi County for the financial years 2016/2017 to 2022/2023 and for Kajiado County for the financial years 2013/2014 to 2022/2023.**

Sign: .....**Date:** 6/10/26

HON. DR. (ARCH) GIDEON MUTEMI MULYUNGI, CBS, EBS, M.P.
CHAIRPERSON, DECENTRALIZED FUNDS ACCOUNTS COMMITTEE

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 06 OCT 2026	DAY. Tuesday
TABLED BY:	Hon. Owen Baya, MP Deputy Leader of Majority Party
CLERK-AT THE-TABLE:	A. Shabaiko

THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026
DIRECTORATE OF AUDIT, APPROPRIATIONS & GENERAL-PURPOSE COMMITTEES
DECENTRALIZED FUNDS ACCOUNTS COMMITTEE (DFAC)

We, the undersigned members of the Decentralized Funds Accounts Committee, today 16/09/2026 do hereby affix our signatures to this **19TH REPORT OF THE COMMITTEE ON ITS EXAMINATION OF THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF CONSTITUENCIES IN NAIROBI AND KAJIADO COUNTIES** to affirm our approval and confirm accuracy, validity and authenticity:

NO.	NAME	SIGNATURE
1.	**Hon. Dr. (Arch) Gideon Mutemi Mulyungi, CBS, EBS, MP - Chairperson**	
2.	**Hon. Mwanyanje Gertrude Mbeyu, CBS, M.P. - Vice Chairperson**	
3.	Hon. K'Oyoo, James Onyango, MP	
4.	Hon. Joseph Kahangara Mburu, MP	
5.	Hon. David Mwalika Mboni, MP	
6.	Hon. Innocent Momanyi Obiri, MP	
7.	Hon. Adhe Guyo Wario, MP	
8.	Hon. Abdi Barre Hussein, MP	
9.	Hon. Caroline Jeptoo Ng'elechei, MP	
10.	Hon. Dorothy Muthoni, Ikiara, MP	
11.	Hon. Jackson Lentoijoni, Lekumontare, MP	
12.	Hon. Martin Wanyonyi Pepela MP	
13.	Hon. Richard Cheruiyot, Kilel, MP	
14.	Hon. Stephen Mogaka, MP	
15.	Hon. Reuben Kipngor, Kiborek, MP	

MINUTES OF THE 67TH SITTING OF THE DECENTRALIZED FUNDS ACCOUNTS COMMITTEE HELD ON WEDNESDAY 16TH SEPTEMBER, 2026 AT MAYFAIR HALL, SAROVA IMPERIAL HOTEL, KISUMU COUNTY AT 2:30 P.M.

PRESENT

1. **Hon. Gideon Mutemi Mulyungi, CBS, EBS, MP** — **Chairperson**
2. **Hon. Mwanyanje Gertrude Mbeyu, CBS, MP** — **Vice Chairperson**
3. Hon. K'Oyoo James Onyango, MP
4. Hon. David Mboni Mwalika, MP
5. Hon. Innocent Momanyi Obiri, MP
6. Hon. Adhe Guyo Wario, MP
7. Hon. Martin Wanyonyi Pepela MP
8. Hon. Dorothy Muthoni, Ikiara, MP
9. Hon. Richard Cheruiyot Kilel, MP
10. Hon. Stephen Mogaka, MP

APOLOGIES

1. Hon. Joseph Kahangara Mburu, MP
2. Hon. Jackson Lentoijoni, Lekumontare, MP
3. Hon. Abdi Barre Hussein, MP
4. Hon. Caroline Jeptoo Ng'elechei, MP
5. Hon. Reuben Kipngor, Kiborek, MP

IN-ATTENDANCE

SECRETARIAT

1.	Mr. Ahmad Guliye	-	Clerk Assistant I
2.	Mr. Mohamed Jelle	-	Clerk Assistant III
3.	Ms. Sharon Koskei	-	Clerk Assistant III
4.	Ms. Mercy Wanyonyi	-	Principal Legal Counsel
5.	Mr. Wilson Mwangi	-	Fiscal Analyst II
6.	Mr. Ambrose Nguti	-	Media Relations III
7.	Mr. Nimrod Ochieng	-	Audio Officer III
8.	Mr. Wilson Angatangoria	-	Sergeant at Arms

MIN.NO. NA/DAA&GPC/ DFAC/2026/504: PRAYER & PRELIMINARIES

The Chairperson called the meeting to order at 2:30 p.m. followed by a word of prayer. He thereafter invited all present to introduce themselves. The agenda was unanimously adopted as follows:

AGENDA

1. Prayers
2. Preliminaries
3. **Adoption of the 16th report of the Committee on its examination of reports of the Auditor General on the financial statements for the National Government Constituencies Development Fund (NG-CDF) Accounts and NG-CDF Board for the financial year 2022/2023 to 2024/2025.**

4. **Adoption of the 17th report of the Committee on its examination of reports of the Auditor General on the financial statements for the National Government Constituencies Development Fund (NG-CDF) for Mbeere North, Mbeere South and Kaiti Constituencies and constituencies in Isiolo County for financial year 2013/2014 to 2022/2023.**
5. **Adoption of the 18th report of the Committee on its examination of reports of the Auditor General on the financial statements for the National Government Constituencies Development Fund (NG-CDF) for Constituencies in Kericho and Narok Counties for FYs 2013/2014 to 2022/2023.**
6. **Adoption of the 19th report of the Committee on its examination of reports of the Auditor General on the financial statements for the National Government Constituencies Development Fund (NG-CDF) for Constituencies in Nairobi and Kajiado Counties for FYs 2016/2017 to 2022/2023.**
7. **Adoption of the 20th report of the Committee on its examination of reports of the Auditor General on the financial statements for the National Government Constituencies Development Fund (NG-CDF) for Constituencies in Elgeyo Marakwet, Turkana, West Pokot and Trans Nzoia Counties for FYs 2013/2014 to 2022/2023.**
8. Any Other Business
9. Adjournment

MIN.NO.NA/DAA&GPC/DFAC/2026/505: ADOPTION OF THE COMMITTEE REPORT ON ITS EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS FOR NG-CDF ACCOUNT AND NC-CDF BOARD FOR FY 2022/23 TO 2024/25.

i. The Committee considered and adopted it's ssixteenth report on the examination of the reports of the Auditor General on the financial statements for the National Government Constituencies Development Fund (NG-CDF) Accounts and NG-CDF Board for Financial year 2022/23 to 2024/2025.
ii. The Committee made the observations and recommendations as contained in the report.
iii. The adoption of the report was proposed and seconded by Hon. David Mboni Mwalika, M.P. and Hon. Martin Pepela, M.P. respectively.

MIN.NO.NA/DAA&GPC/DFAC/2026/506: ADOPTION OF THE COMMITTEE REPORT ON ITS EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS FOR ISIOLO SOUTH, ISIOLO NORTH, MBEERE NORTH & SOUTH AND KAITI CONSTITUENCIES

i. The Committee considered and adopted it's seventieth report on the examination of the reports of the Auditor General on the financial statements of the National Government Constituencies Development Fund (NG-CDF) for Isiolo North, Isiolo South, Mbeere North, Mbeere South and Kaiti Constituencies.
ii. The Committee made the observations and recommendations as contained in the report.

iii. The adoption of the report was proposed and seconded by Hon. K'Oyoo James Onyango, MP and Hon. Dorothy Muthoni, Ikiara, MP respectively.

MIN.NO.NA/DAA&GPC/DFAC/2026/507: ADOPTION OF THE COMMITTEE REPORT ON ITS EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS FOR CONSTITUENCIES IN KERICHO AND NANDI COUNTIES

i. The Committee considered and adopted it's eeighteenth report on the examination of the reports of the Auditor General on the financial statements of the National Government Constituencies Development Fund (NG-CDF) for constituencies in Nandi and Kericho Counties.
ii. The Committee made the observations and recommendations as contained in the report.
iii. The adoption of the report was proposed and seconded by Hon. Richard Cheruiyot Kilel, MP and Hon. Martin Pepela, M.P. respectively.

MIN.NO.NA/DAA&GPC/DFAC/2026/508: ADOPTION OF THE COMMITTEE REPORT ON ITS EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS FOR CONSTITUENCIES IN NAIROBI AND KAJIADO COUNTIES

i. The Committee considered and adopted it's nnineteenth report on the examination of the reports of the Auditor General on the financial statements of the National Government Constituencies Development Fund (NG-CDF) for constituencies in Nairobi and Kajiado Counties.
ii. The Committee made the observations and recommendations as contained in the report.
iii. The adoption of the report was proposed and seconded by Hon. David Mboni Mwalika, M.P. and Hon. Richard Cheruiyot Kilel, MP respectively.

MIN.NO.NA/DAA&GPC/DFAC/2026/509: ADOPTION OF THE COMMITTEE REPORT ON ITS EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS FOR CONSTITUENCIES IN ELGEYO MARAKWET, TURKANA, WEST POKOT AND TRANS NZIOA COUNTIES

i. The Committee considered and adopted its twentieth report on the examination of the reports of the Auditor General on the financial statements of the National Government Constituencies Development Fund (NG-CDF) for constituencies in Elgeyo Marakwet, Turkana, West Pokot and Trans Nzoia Counties.
ii. The Committee made the observations and recommendations as contained in the report.
iii. The adoption of the report was proposed and seconded by Hon. Mwanyanje Gertrude Mbeyu, CBS, MP and Hon. Richard Cheruiyot Kilel, MP respectively.

MIN.NO.NA/DAA&GPC/DFAC/2026/510: ANY OTHER BUSINESS

There was no business under this agenda item.

MIN.NO.NA/DAA&GPC/DFAC/2026/511: ADJOURNMENT

There being no other business, the meeting was adjourned at 4:30 pm. The next meeting will be held on notice.

SIGNED..... **DATE** 6/10/26.....

HON. DR. (Arch) GIDEON MUTEMI MULYUNGI, M.P. CBS, EBS, MP

(CHAIRPERSON)