

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

PARLIAMENT OF KENYA LIBRARY

THE NATIONAL ASSEMBLY

DATE ON 27 JUL 2023 DAY Thursday

TABLED BY:	Hon. Naomi Wago, MP Deputy majority Whip
CLERK AT THE TABLE:	Fenlays Mwiruki

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

**FOR THE YEAR ENDED
30 JUNE, 2022**



MAKADARA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2022

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

MAKADARA NATIONAL GOVERNMENT
CONSTITUENCY DEVELOPMENT FUND
P. U. Box 618-00515, BURUBURU

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I. Key Constituency Information and Management

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 as amended in 2016. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;

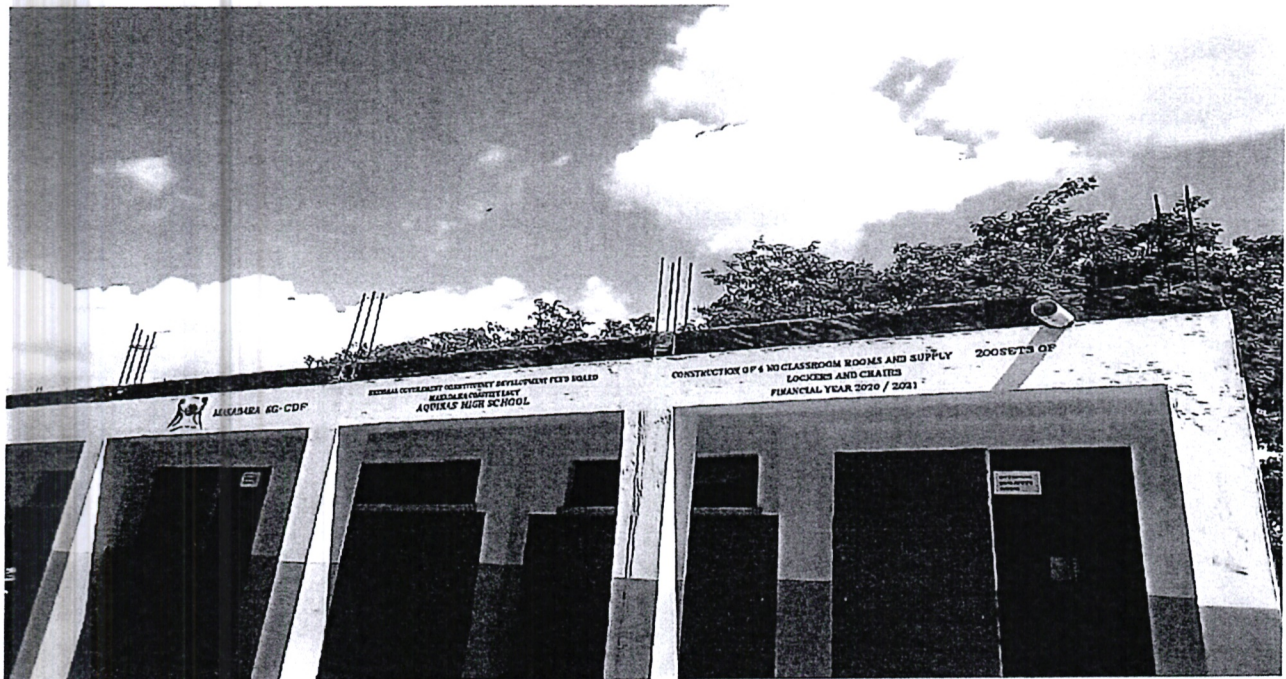
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6 New Classroom with a slab at Harambee Primary School



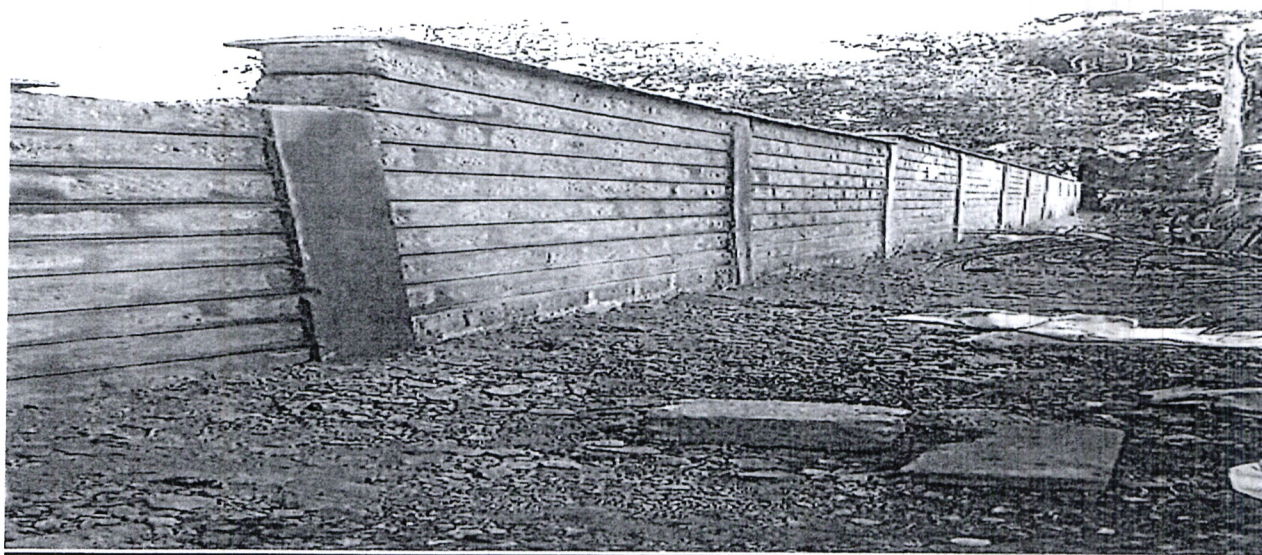
Supply of Lockers and Chairs at St Annes Girls Secondary School.



6 New classroom With slab and lockers and Chairs at Aquinas High School.

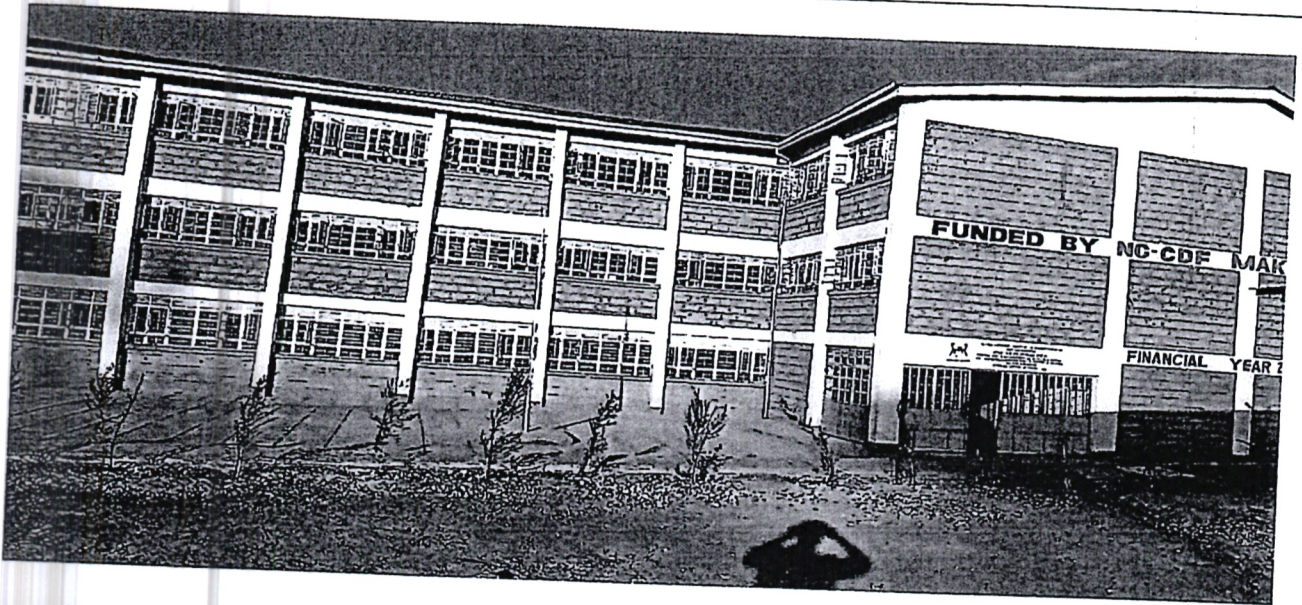


Ongoing Construction of 4No of new classroom at St John Primary School.

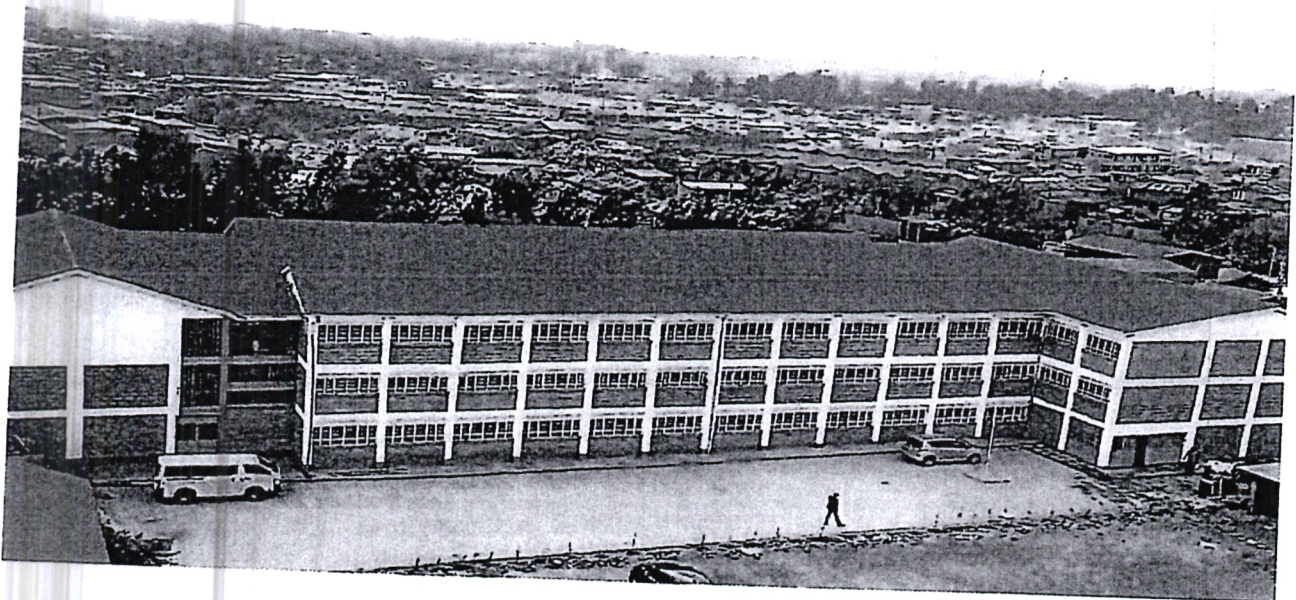


Ongoing Construction of Perimeter Wall at Jogoo Road Police Station

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New Star of Hope Primary School With Lockers and Chairs



Aerial view of a completed Star of Hope Primary

Signature
CHAIRPERSON NGCDF COMMITTEE

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III. Statement Of Performance Against Predetermined Objectives for FY2021/22

Introduction

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

The key development objectives of *Makadara Constituency 2018-2022* plan are to:

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

Progress on attainment of Strategic development objectives

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

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	Construct and rehabilitate additional classroom and sanitation facilities in school. Provision of additional desks and lockers. Perimeter fencing of school. Support acquisition of school bus. Build Star of Hope Primary School in Viwandani ward. Bursaries for needy and deserving learners	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions. Improved physical state of school infrastructure. Security in the school. Access to education improved in informal settlements.	No of classroom constructed or rehabilitated. No of desks provided to school. No of school perimeter wall constructed. New primary school constructed. No of students supported through bursaries.	In FY 20/21, we Rehabilitated Ofafa Primary School, Constructed 32 new classrooms at Star of Hope primary school, 4 new classrooms at Harambee Primary School. , 4Supply of Lockers and Chairs at Aquinas High school and St Anne Girls Secondary School perimeter wall at Ofafa Jericho High school.

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Security	Construct and rehabilitate physical infrastructure in the police stations and posts. Establish additional and construct houses for the security officers. Support construction of offices for national Administration. Install security lights in crime hot spots and public places.	State of physical facilities in the police station improved. Improved security and units for the safety for all. Housing for the police officers improved. Improved access to administrative services by the public.	No of housing units for the police constructed. No of security lights installed. No of new police posts established. No of police station rehabilitated.	In FY of 2021/2022 we constructed a perimeter wall and renovation of of Jogoo Road Police station.
Sports	Rehabilitate and secure community sports grounds Support community clubs Link community clubs with sponsors and national agencies Sponsor constituency annual sport tournaments	Talents in sports and arts identified and developed among the youth. State of community sports grounds improved. Community clubs supported.	No of community sports ground rehabilitated and secured. No of community clubs supported. Annual constituency sports	In F/Y 2020/2021 Sports tournaments were performed.

IV. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

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

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

- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

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

2. Environmental performance

- Report on the frequency of how often NG-CDF supported students carry out environmental conservation activities e.g. planting trees once in an academic calendar
- Sensitization of youth/ community on the impact of drugs after by construction of police stations supported NG-CDF.
- NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.
- NG-CDF staff Have at least one day in FY to sensitize the local communities on proper farming methods that lead to soil conservation as well as crop and animal husbandry of NGCDF supported projects.

3. Employee welfare

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

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Makadara constituency invests in capacity building

programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

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

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

Makadara NGCDF has endeavoured to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through sports and community projects.

Public Participation in Project Identification and Implementation and Monitoring

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

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

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

Public Awareness

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

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



**Job Munyi
FAM**

MAKADARA NATIONAL GOVERNMENT
CONSTITUENCY DEVELOPMENT FUNG
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V. Statement of Management Responsibilities

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

The Accounting Officer in charge of the NGCDF-Makadara Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Makadara Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Makadara Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

Makadara Constituency

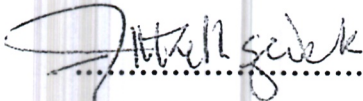
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The Accounting Officer in charge of the NGCDF Makadara Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds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

Approval of the financial statements


The NGCDF- Makadara Constituency financial statements were approved and signed by the Accounting Officer on 11-4-2022



.....

Ronald Milare

Chairman – NGCDF Committee



.....

Job Munyi

Fund Account Manager

MAKADARA NATIONAL GOVERNMENT
CONSTITUENCY DEVELOPMENT FUND
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REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MAKADARA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Makadara Constituency set out on pages 1 to 34,

*Report of the Auditor-General on National Government Constituencies Development Fund - Makadara Constituency
for the year ended 30 June, 2022*

which comprise the statement of assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Unsupported Use of Goods and Services Expenditure

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:-

- i. 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.
- ii. 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.

2. Unsupported Transfers to Primary Schools

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) 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.

Further, expenditure totalling to Kshs.27,720,317 in respect of construction of classrooms and levelling of playground at Star of Hope Primary School were not supported by interim certificates or completion and acceptance certificates as proof of works done.

In the circumstances, the validity, accuracy and completeness to transfers to primary expenditure of Kshs.51,617,971 for the year ended 30 June, 2022 could not be confirmed.

3. Unsupported Construction of Perimeter Wall and Renovations at Jogoo Road Police Station

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.

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.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Makadara Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

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 equivalent 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Completion in Construction of NG-CDF Offices

The statement of receipts and payments reflects other payments totalling 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.

2. Transfer to Other Government Units

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.

2.1 Lack of Project Management Committees for Primary School Projects

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 totalling 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;

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 Construction Company Ltd	Levelling of play ground	14 Apr 2022	3,132,000
Star of Hope Primary school	Dragomen Construction Company Ltd	Construction of new classrooms	18 Nov 2021	3,108,403
Star of Hope Primary school	Dragomen Construction Company Ltd	Construction of new classrooms	10 Aug 2021	6,438,000
Star of Hope Primary school	Dragomen Construction Company Ltd	Construction of new classrooms	30 Dec 2021	15,041.914
Total				26,492,445

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.

2.2 Unsatisfactory Implementation of Secondary School Projects

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;

- i. 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.
- ii. 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 totalling to Kshs.14,435,100 on secondary schools for the year ended 30 June, 2022 could not be ascertained.

3. Unapproved Project Re-allocations

Review of records revealed variations in various projects costs without the Board approvals as enumerated below:-

- i. 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.
- ii. Note 7 to the financial statements reflects other grants and other transfers totalling 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.
- iii. Included in other grants and other transfers in Note 7 to the financial statements is expenditure totalling 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, armoury, 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.

4. Failure by Project Management Committees to Submit Returns

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;

- i. 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.
- ii. 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.
- iii. The Project Management Committee did not make quarterly reports to the Constituency Committee on the status of the project management committee accounts.
- iv. 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.

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

4. Failure to Establish a Project Management Committee (PMC) for Sports Activities

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

Report of the Auditor-General on National Government Constituencies Development Fund - Makadara Constituency for the year ended 30 June, 2022

processed and effected in accordance with government regulations for the time being in force”.

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

5. Failure to Brand a Completed Security Project

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.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 July, 2023

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MAKADARA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022


VII. Statement Of Receipts and Payments for the Year Ended 30th June 2022


	Note	2021-2022	2020-2021
			Kshs
RECEIPTS			
Transfers from NGCDF Board	1	170,588,879	127,367,724
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		170,588,879	127,367,724
PAYMENTS			
Compensation of employees	4	3,255,666	4,616,170
Use of goods and services	5	8,209,120	8,252,701
Transfers to Other Government Units	6	83,986,387	53,236,693
Other grants and transfers	7	58,173,195	61,046,019
Acquisition of Assets	8	-	-
Other Payments	9	10,000,000	-
TOTAL PAYMENTS		163,624,368	127,151,583
SURPLUS/DEFICIT		6,964,511	216,141

The Constituency financial statements were approved on 12-09- 2022 and signed by:


Fund Account Manager

Job Munyi


National Sub-County
Accountant
Stephen Mbugua
ICPAK M/No:14496


Chairman NG-CDF Committee

Ronald Milare

MAKADARA NATIONAL GOVERNMENT
CONSTITUENCY DEVELOPMENT FUND
P. U. Box 618-00515, BURUBURU

*Makadara Constituency
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VIII. Statement of Assets and Liabilities As At 30th June, 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	10A	7,312,444	347,933
Cash Balances (Cash at Hand)	10B	0	0
Total Cash and Cash Equivalents		7,312,444	347,933
Accounts Receivable			
Outstanding Imprests	11	0	0
Total Financial Assets			
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	12A	0	0
Gratuity	12B	0	0
Total Financial Liabilities			
Net Financial Assets		<u>7,312,444</u>	<u>347,933</u>
Represented By			
Fund Balance B/Fwd	13	347,933	131,792
Prior Year Adjustments	14		
Surplus/Deficit for The Year		6,964,511	216,141
Net Financial Position		<u>7,312,444</u>	<u>347,933</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved on 12-09- 2022 and signed by:



Fund Account Manager

Job Munyi



National Sub-County
Accountant

Stephen Mbugua
ICPAK M/No:14496



Chairman NG-CDF
Committee

Ronald Milare


Makadara Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

IX. Statement of Cash Flows for the Year Ended 30th June 2022


	Notes	2021 - 2021 Kshs	2021 - 2021 Kshs
Transfers From NGCDF Board	1	170,588,879	127,367,724
Other Receipts	3	-	-
Total Receipts		170,588,879	127,367,724
Payments			
Compensation Of Employees	4	3,255,666	4,616,170
Use Of Goods and Services	5	8,209,120	8,252,701
Transfers To Other Government Units	6	83,986,387	53,236,693
Other Grants and Transfers	7	58,173,195	61,046,019
Other Payments	9	10,000,000	-
Total Payments		163,624,368	127,151,583
Total Receipts Less Total Payments			
Adjusted For:			
Decrease/(Increase) In Accounts Receivable	15	-	-
Increase/(Decrease) In Accounts Payable	16	-	-
Prior Year Adjustments	14	-	-
Net Cash Flow from Operating Activities		6,964,511	216,141
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	-	-
Acquisition Of Assets	8	-	-
Net Cash Flows from Investing Activities			
Net Increase In Cash And Cash Equivalent		6,964,511	216,141
Cash & Cash Equivalent At Start Of The Year	10	347,933	131,792
Cash & Cash Equivalent At End Of The Year	10	7,312,444	347,933

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements

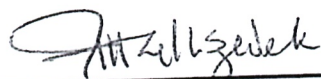
The Constituency financial statements were approved on 12-09-2022 and signed by:


Fund Account Manager

Job Munyi


National Sub-County
Accountant

MAKADARA NATIONAL GOVERNMENT
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Chairman NG-CDF
Committee

Ronald Milare

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X. Summary Statement of Appropriation for the Year Ended 30th June 2022

Receipt/Expense Item	Original Budget		Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a		b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS		Opening Balance (C/B) and AIA	Previous years Outstanding Disbursements				
Transfers from NG-CDF Board	137,088,879.00	347,933.00	45,588,878.00	183,025,690.00	170,936,812.00	12,088,878.00	93.4%
Proceeds from Sale of Assets	-				-	-	0.0%
Other Receipts	-				-	-	0.0%
TOTAL RECEIPTS	137,088,879.00	347,933.00	45,588,878.00	183,025,690.00	170,936,812.00	12,088,878.00	93.4%
PAYMENTS							
Compensation of Employees	4,140,000.00		2,855,370.00	6,995,370.00	3,255,666.00	3,739,704.00	46.5%
Use of goods and services	8,197,999.00		11,121.00	8,209,120.00	8,209,120.00	-	100.0%
Transfers to Other Government Units	53,800,000.00	347,933.00	36,509,245.00	90,657,178.00	83,986,387.00	6,670,791.00	92.6%
Other grants and transfers	60,950,880.00		6,213,142.00	67,164,022.00	58,173,195.00	8,990,827.00	86.6%
Acquisition of Assets	-				-	-	0.0%
Other Payments	10,000,000.00				-	-	0.0%
TOTAL	137,088,879.00	347,933.00	45,588,878.00	183,025,690.00	163,624,368.00	19,401,322.00	89.4%

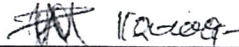
Makadara Constituency
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- i. Compensation to employee had underutilization of 53.5. This was occasioned by adjustment from previous years in the 2020/2021
- ii. Other grant and transfer had an underutilization of 13.4 because the funds were received towards the end of financial year.
- iii. The amount of Kshs 347,933 is represented in financial statement of the current year is opening cash book balance and Kshs 45,588,878 not received from the NG-CDF board at the end of 2020/2021
- iv. The changes between the original and final budget of Kshs 500,000 is as a result of reallocations within the budget

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	19,401,322.00
Less undisbursed funds receivable from the Board as at 30th June 2022	12,088,878.00
	7,312,444.00
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2021/2022	7,312,444.00

The Constituency financial statements were approved on 12-09- 2022 and signed by:


Fund Account Manager


National Sub-County Accountant


**Chairman NG-CDF
 Committee**

Job Munyi

MAKADARA NATIONAL GOVERNMENT
 CONSTITUENCY DEVELOPMENT FUND
 P. U. Box 618-00515, BURUBURU

Stephen Mbugua
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Ronald Milare

Makadara Constituency
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XI. Budget Execution by Sectors and Projects for the Year Ended 30th June 2022

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation(f=d/c %)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
	2021/2022			2021/2022	30/06/2022		
	Kshs		Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent							
1.1 Compensation of employees	4,140,000		2,855,370	6,995,370	3,255,666	3,739,704	
1.2 Committee allowances	2,085,333		11,121	2,096,454	2,096,454	-	
1.3 Use of goods and services	2,000,000		-	2,000,000	2,000,000	-	
Total	8,225,333		2,866,491	11,091,824	7,352,120	3,739,704	
2.0 Monitoring and evaluation						-	
2.1 Capacity building	1,500,000		-	1,500,000	1,500,000	-	
2.2 Committee allowances	1,312,666		-	1,312,666	1,312,666	0	
2.3 Use of goods and services	1,300,000		-	1,300,000	1,300,000	-	
Total	4,112,666		-	4,112,666	4,112,666	0	
3.0 Emergency							
Emergency	7,192,207	-	5,721,878	12,914,085	7,347,300	5,566,785	
Total	7,192,207	-	5,721,878	12,914,085	7,347,300	5,566,785	
4.0 Bursary and Social Security							
4.1 Secondary Schools	36,500,000	-	340,307	36,840,307	36,665,000	175,307	
4.2 Tertiary Institutions	8,000,000	-		8,000,000	7,984,000	16,000	
4.3 Social Security	3,000,000	-	100,000	3,100,000		3,100,000	

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4.4 Special Needs	-	-	-	-	-	-	-
Total	47,500,000	-	440,307	47,940,307	44,649,000	3,291,307	
5.0 Sports							
5.1 Sports	2,741,778	-	50,957	2,792,735	2,660,000	132,735	
Total	2,741,778	-	50,957	2,792,735	2,660,000	132,735	
6.0 Environment							
	-	-	-	-	-	-	
Total	-	-	-	-	-	-	
7.0 Primary Schools Projects							
Star of Hope Primary School	10,000,000.00		26,966,889	36,966,889	36,966,889	-	
Harambee Primary School	12,000,000.00	-	-	12,000,000	12,000,000	-	
St John Primary School	12,000,000			12,000,000	11,864,651	135,349	
Bahati Primary School	6,000,000		1,060,442.00	7,060,442	6,000,000	1,060,442	
Ofafa Jericho Primary School			500,000	500,000	500,000	-	
St Annes Primary School	-		1,100,000.00	1,100,000	1,100,000	-	
Kimathi Primary School	-		5,475,000.00	5,475,000	0	5,475,000	
Total	40,000,000	-	35,102,331	75,102,331	68,431,540	6,670,791	
8.0 Secondary Schools Projects							
Ofafa Jericho High School	1,600,000.00		1,406,914.00	3,006,914	3,006,914.00	-	
St Annes Secondary School	2,600,000.00		-	2,600,000	2,600,000	-	
Aquinas High School	2,600,000.00	347,933.00	-	2,947,933	2,947,933	-	
Makongeni Secondary School	3,000,000		-	3,000,000	3,000,000	-	
St Patrick Secondary School	4,000,000		-	4,000,000	4,000,000	-	
Total	13,800,000		1,406,914	15,554,847	15,554,847	-	

*Makadara Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

		347,933					
9.0 Tertiary institutions Projects				-		-	
						-	
Total	-		-	-	-	-	
10.0 Security Projects				-		-	
Jogoo Police Station	3,516,895.31	-	-	3,516,895			
Total	3,516,895	-	-	3,516,895	3,516,895	-	
11.0 Acquisition of assets				-		-	
	-						
	-		-	-	-	-	
	-		-	-	-	-	
	-		-	-			
Total	-		-	-		-	
12.0 Other payments				-		-	
NG-CDF Office	10,000,000		0.00	10,000,000	10,000,000	-	
Total	10,000,000	-	-	10,000,000	10,000,000	-	
13.0 unallocated fund							
Unapproved projects						-	
AIA						-	
PMC savings							
Total			-	-	-	-	
	137,088,879	347,933	45,588,878	183,025,690	163,624,368	19,401,322	

Makadara Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

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

*Makadara Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

Notes To the Financial Statements (Continued)

4. Compensation Of Employees

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,241,066	2,017,458
Personal allowances paid as part of salary		
House Allowance	561,000	526,000
Transport Allowance	432,000	419,900
Leave allowance		
Gratuity to contractual employees	00	1,632,612
Employer Contributions Compulsory national social security schemes	21,600	20,200
Total	3,255,666	4,616,170

*-Makadara Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

5. Use Of Goods and Services

Description	2021-2022	2020 - 2021
	Kshs	Kshs
Accommodation - Domestic Travels	395,048.00	-
Electricity	10,000.00	10,000.00
Water & sewerage charges	-	-
Office rent	824,458.00	729,964.00
Communication, supplies and services	289,000.00	189,450.00
Domestic travel and subsistence	486,406.00	460,000.00
Printing, advertising and information supplies & services	257,666.00	-
Accommodation - Domestic Travel	916,000.00	-
Training expenses	175,542.00	1,144,100.00
Computer Accessories Expenses	285,000.00	-
Other committee expenses	1,200,000.00	1,253,000.00
Committee allowance	1,248,000.00	1,780,000.00
Printing, advertising	-	-
Specialised materials and services	-	-
Office and general supplies and services	950,000.00	743,500.00
Advertising & Awareness	200,000.00	-
Travel Allowances	655,000.00	-
Bank service commission and charges	-	45,137.00
Training Facilities & Equipments Expenses	252,000.00	-
Utilities, Supplies & Services		223,900.00
Supplies & Services		843,300.00
Hospitality Supplies and Services		477,300.00
Other Operating Expenses		353,050.00
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	-	-
Cleaning Materials Expenses	65,000.00	-
TOTAL	8,209,120.00	8,252,701

*Makadara Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

Notes To The Financial Statements (Continued)

6. Transfer To Other Government Units

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	68,431,540	32,759,382
Transfers To Secondary Schools (See Attached List)	15,554,847	20,477,311
Transfers To Tertiary Institutions (See Attached List)	00	00
Total	83,986,387	53,236,693

7. Other Grants and Other transfers

	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	36,665,000	34,652,000
Bursary – tertiary institutions (see attached list)	7,984,000	21,600,000
Bursary – special schools (see attached list)	00	00
Mock & CAT (see attached list)	00	00
Social Security programmes (NHIF)	00	00
Security projects (see attached list)	3,516,895	794,600
Sports projects (see attached list)	2,660,000	2,740,000
Environment projects (see attached list)	00	00
Emergency projects (see attached list)	7,347,300	1,259,419
Total	58,173,195	61,046,019

8. Acquisition Of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings	00	00
Construction of Buildings	00	00
Refurbishment of Buildings	00	00
Purchase of Vehicles and Other Transport Equipment	00	00
Purchase of Household Furniture and Institutional Equipment	00	00
Purchase of Office Furniture and General Equipment	00	00
Purchase of ICT Equipment, Software and Other ICT Assets	00	00
Purchase of Specialized Plant, Equipment and Machinery	00	00
Acquisition of Land	00	00
Total	00	00

Notes To the Financial Statements (Continued)

9. Other Payments

	2021-2022	2020-2021
	Kshs	Kshs
	00	00
Strategic plan	00	00
ICT Hub	10,000,000	00
NG-CDF Office	10,000,000	00
Total		

10: Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
10A: Bank Accounts (Cash Book Bank Balance)		
	7,312,444	347,933
<i>Name Of Bank, Account No. 0950262163417</i>	7,312,444	347,933
Total		

10 B: Cash on Hand

Location 1		
Location 2		
Location 3		
Other Locations (<i>Specify</i>)		
Total		

[Provide Cash Count Certificates for Each]

11: Outstanding Imprests

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Name of Officer	dd/mm/yy			
Name of Officer	dd/mm/yy			
Name of Officer	dd/mm/yy			
Name of Officer	dd/mm/yy			
Name of Officer	dd/mm/yy			
Name of Officer	dd/mm/yy			
Total				

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12A. Retention

	2021-2022	2020-2021
	KShs	KShs
Retention as at 1 st July (A)		
Retention held during the year (B)		
Retention paid during the Year (C)		
Closing Retention as at 30 th June D= A+B-C		

[Provide short appropriate explanations as necessary.]

12B. Gratuity

	2021-2022	2020-2021
	KShs	KShs
Gratuity as at 1 st July (A)		00
Gratuity held during the year (B)	00	00
Gratuity paid during the Year (C)	00	00
Closing Gratuity as at 30 th June D= A+B-C	00	00

13. Balances Brought Forward

	2021-2022 (1 st July 2021)	2020-2021 (1 st July 2020)
	Kshs	Kshs
Bank accounts		
Cash in hand	347,933	131,792
Imprest		
Total	347,933	131,792

14. Prior Year Adjustments

	Balance b/f FY 2020/2021 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2021/2022
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			
Cash in hand			
Accounts Payables			
Receivables			
Others (<i>specify</i>)			
Total			

15. Changes in Accounts Receivable – Outstanding Imprests

	2021-2022	2020-2021
	KShs	KShs
Outstanding Imprest as at 1 st July (A)		
Imprest issued during the year (B)		
Imprest surrendered during the Year (C)		
closing accounts in account receivables D= A+B-C		
Changes in Account Receivables E= D-A		

16. Changes in Accounts Payable – Deposits and Retentions

	2021 – 2022	2020 – 2021
	KShs	KShs
Deposit and Retentions as at 1 st July (A)		
Deposit and Retentions held during the year (B)		
Deposit and Retentions paid during the Year (C)		
closing account payables D= A+B-C		
Changes in Accounts Payable E= D-E		

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17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

	2021-2022	2020-2021
	Kshs	Kshs
Construction of buildings	00	00
Construction of civil works	00	00
Supply of goods	00	00
Supply of services	00	00
Total	00	00

17.2: Pending Staff Payables (See Annex 2)

	2021-2022	2020-2021
	Kshs	Kshs
NGCDFC Staff		
Others (<i>Gratuity</i>)	941,659	243,063
Total	941,659	243,063

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	3,739,704	2,855,370
Use of goods and services	00	11,121
Amounts due to other Government entities (see attached list)	6,670,791	34,602,331
Amounts due to other grants and other transfers (see attached list)	8,990,827	7,967,990
Acquisition of assets	00	00
Funds pending approval	00	00
Total	19,401,322	45,436,812

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17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)		
Total	2,319,848	2,673,929

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Annexes

Annexes: 1 Analysis of Pending Accounts Payable

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Comments
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
Sub-Total					
Grand Total					

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Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2022	Comments
NG-CDFC Staff				
1.				
2.				
3.				
Sub-Total				
Grand Total				

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees				
Use of goods & services		3,739,704	2,855,370	
Amounts due to other Government entities		00	11,121	
St John Primary School				
Bahati Primary School		135,349		
Kimathi Primary School		1,060,442		
Sub-Total		5,475,000		
Amounts due to other grants and other transfers		10,410,495	34,602,331	
Emergency				
Secondary School Bursary		5,566,785		
Tertiary School Bursary		175,307		
Social Security		16,000		
Sports		3,100,000		
Sub-Total		132,735		
Acquisition of assets		8,990,827	7,967,990	
Others (<i>specify</i>)				
Sub-Total				
Funds pending approval				
Grand Total		19,401,322	45,436,812	

Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2020/2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2021/2022
Land	-			-
Buildings and structures	-	10,000,000		10,000,000.00
Transport equipment	-			-
Office equipment, furniture and fittings	1,358,476.00			1,358,476.00
ICT Equipment, Software and Other ICT Assets	669,650.00			669,650.00
Other Machinery and Equipment	-			-
Heritage and cultural assets	-			-
Intangible assets	-			-
Total	2,028,126.00	10,000,000		12,028,126.00

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Annex 5 –PMC Bank Balances As At 30th June 2022

PMC	Bank	Account number	Bank Balance 2021/2022	Bank Balance 2020/2021
St Elizabeth Primary School PMC	Equity Bank Buruburu	0950278674973	51,423	51,423.00
Dr Krapf Primary School PMC	Equity Bank Buruburu	0950278699793	54,292	54,292.00
Joseph Apundo Primary School PMC	Equity Bank Buruburu	0950278676235	381	446,324.97
St Michael Primary School PMC	Equity Bank Buruburu	0950278674953	131,316	131,315.60
Baraka Primary School PMC	Equity Bank Buruburu	0950278673154	244,722	291,743.80
Martin Luther Primary School PMC	Equity Bank Buruburu	0950278674942	35,580	35,580.00
Ofafa Jericho High School PMC	Equity Bank Buruburu	0950279482671	617,012	752,501.30
Bahati Primary School PMC	Equity Bank Buruburu	0950278560219	69,640	51,280.38
St Annes Girls Secondary School PMC	Equity Bank Buruburu	0950279957411	49,961	649,683.50
Aquinas High School PMC	Equity Bank Buruburu	0950279990449	50,413	209,784.50
Harambee Primary School	Equity Bank Buruburu	0950281137355	179,149	
Kimathi Primary School PMC	Equity Bank Buruburu	0950281265767	65,686	
Ofafa Jericho Primary School PMC	Equity Bank Buruburu	0950282622337	72,142	
St John Primary School PMC	Equity Bank Buruburu	0950282630652	313,350	
Makongeni Secondary School PMC	Equity Bank Buruburu	0950281100914	75,762	
St Patrick Secondary School PMC	Equity Bank Buruburu	0950282634573	309,020	
Total			2,319,848	2,673,929.05

Annex 6: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>OTHER MATTER 1. Budgetary Control and performance</p>	<p>The summary statement of appropriation-recurrent and development combined reflects final receipts budget and actual receipts 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 expended 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. Consequently, the under-funding and under-absorption may have impacted negatively on service delivery to the constituents of Makadara.</p>	<p>As correctly noted during the audit 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. ANNEX 1</p>	<p>Resolved</p>	
<p>2. Unutilized project management committee fund</p>	<p>The Project Management Committee unutilized fund balance of Kshs.2,673,929 as at 30 June, 2021, was not returned to the Constituency account contrary to Section 12(8) of the National Government Constituency Development Fund Act, 2015.</p>	<p>As at 30th June 2021 some of the projects were still ongoing . The NGCDF management has however written to all the PMCs whose projects are now</p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
		complete to wire the project balances back to the NG-CDF Makadara main account. ANNEX 2		
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES 1.Construction of two classroom at Bahati Primary school.	<p>Review of the project status for Makadara Constituency NGCDF revealed that the CDF Board awarded a contractor a contract for the construction of two classrooms with a slab, staircase and ramp at Bahati Primary School at a contract price of Kshs.3,900,000 in the financial year 2020/2021.The contractor was paid an amount of Kshs. 2,960,940 which is 76% of the contract price.</p> <p>However, physical verification on works done revealed that the contractor had done the floor with red oxide and not tiles or terrazzo as required in the bill of quantities. In addition, the workmanship of the substantially finished works on the windows and black board was substandard.</p> <p>Consequently, value for money may not have been realized by failure to adhere to the bill of quantities and the substandard works.</p>	<p>The NGCDF management has already written to the contractor instructing him to adhere to the bills of quantities requirement of floor tiles, redo the blackboard and do proper finishing on the windows ANNEX 3</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2. Construction of perimeter wall at Joseph Apudo Primary school	<p>The Constituency undertook construction of a perimeter wall at Joseph Apudo Primary School at a total cost of Kshs.14,818,842. The Project commenced on 4 June, 2019 and was completed however, details pertains the scope of works and contract period were not provided for audit. Further, the contractor was paid final certificate of Kshs.1,323,840 as at 30 June 2021, but the certificate of completion issued in accordance with Section 150(3) of the Public Procurement and Asset Disposal Act, 2015 was not provided for audit review.</p> <p>In the circumstances, value for money from the expenditure on the Project could not be confirmed.</p>	<p>The project was successfully completed and the completion certificate is herein provided. ANNEX 4</p>	Resolved	
3. Construction and roofing of St Paul Primary School	<p>The Constituency undertook renovation of 9 classrooms and roof replacement for 5 classrooms at a total cost of Kshs.9,000,000. Although the works were completed however, the certificate of completion was not provided for audit.</p> <p>In the circumstances, value for money from the expenditure on the Project could not be confirmed.</p>	<p>The project was successfully completed and the completion certificate is herein provided. ANNEX 5</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
4. Delayed commissioning of project at Star of Hope Primary School	<p>The project for construction of 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. Physical verification carried out in April, 2022 revealed that the classes had been completed however, the certificate of completion issued in accordance with Section 150(3) of the Public Procurement and Asset Disposal Act, 2015 was not provided.</p> <p>In the circumstances, value for money from the expenditure on the Project could not be confirmed.</p>	<p>The project was completed commissioned and is in use. Provided is a copy of the completion certificate. ANNEX 6</p>	Resolved	

Job Munyi
Fund Account Manager.