

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

DATE: 09 AUG 2023

DAY:

WED

PARLIAMENT
OF KENYA
LIBRARY

TABLED

BY:

OF

CLERK-AT

THE-TABLE:

Hon Owen Bayo, MP
Deputy Leader, majority party
Miriam Mudo

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND - GICHUGU
CONSTITUENCY**

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



GICHUGU 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)

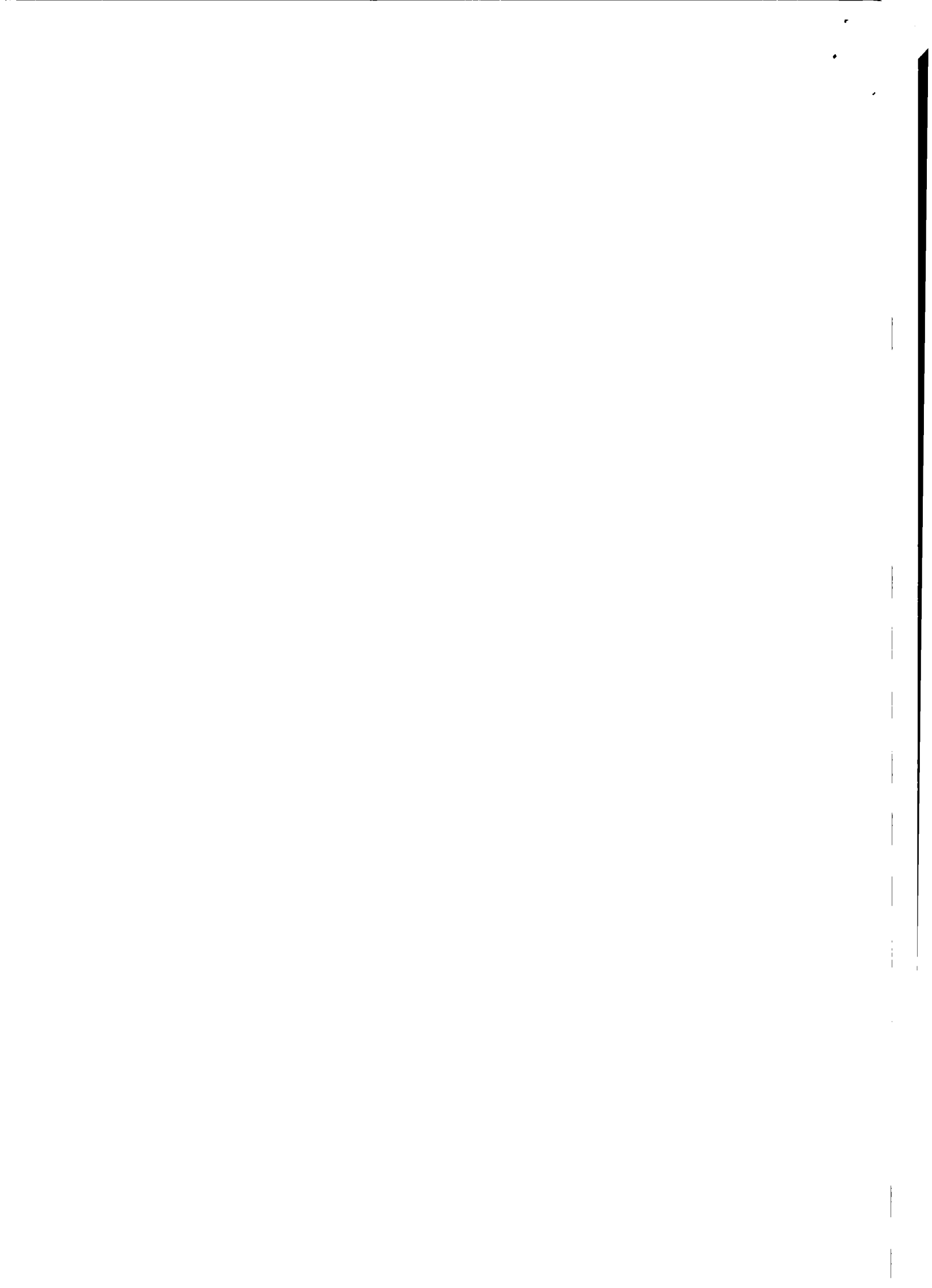


Table of Contents

	Page
I. Key Constituency Information and Management	iii
II. NG-CDFC Chairman's Report	vii
III. Statement Of Performance Against Predetermined Objectives for FY2021/22.....	xi
IV. Environmental and Sustainability Reporting	xiv
V. Statement Of Management Responsibilities.....	xviii
VI. Report Of the Independent Auditors On The NGCDF- xx Constituency	xx
VII. Statement Of Receipts and Payments for the Year Ended 30th June 2022	1
VIII. Statement Of Assets and Liabilities As At 30 th June, 2022	2
IX. Statement Of Cash Flows for The Year Ended 30th June 2022	4
X. Summary Statement of Appropriation for The Year Ended 30 th June 2022	6
X. Budget Execution By Sectors And Projects For The Year Ended 30 th June 2022	9
XI. Significant Accounting Policies	15
XII. Notes To the Financial Statements	21

GICHUGU Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

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;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;

GICHUGU Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

To provide leadership and policy direction for effective and efficient management of the Fund

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

Functions of NG-CDF Committee

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

(b) Key Management

The GICHUGU Constituency NGCDF day-to-day management is under the following key organs:

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

(c) Fiduciary Management

GICHUGU Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Margaret N. Rugiri
2.	Sub-County Accountant	James K. Nderi
3.	Chairman NGCDFC	Geoffrey K. Nduru
4.	Member NGCDFC	Name of alternate signatory

(d) Fiduciary Oversight Arrangements

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

(e) GICHUGU Constituency NGCDF Headquarters

P.O. Box 234-10301
DCC COMPOUND
KIANYAGA
KIRINYAGA, KENYA

(f) GICHUGU Constituency NGCDF Contacts

Telephone: (254) 234-10301 Kianyaga
E-mail: cdfgichugu@ngcdf.go.ke
Website: www.cdf.go.ke

(g) GICHUGU Constituency NGCDF Bankers

FAMILY BANK A/C NO. 020000002893
KUTUS BRANCH
P.O BOX 74145-00200
NAIROBI

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. NG-CDF Chairman's Report



GEOFFREY K. NDURU

On behalf of the constituents and the NG-CDF Gichugu office, it's my utmost honour and privilege to present the financial report for the year ended 30th June 2022.

During the financial year 2021/2022 the management had a total budget of Kshs. 201,916,816 which included Kshs. 137,088,879 being the allocation for the year and balances brought forward from the previous year amounting to Kshs. 64,827,937. However, the management received a total of Kshs. 189,796,937 during the year translating to 94% of the expected amount. A total of Kshs. 12,088,879 is still owed from the NG-CDF board as at 30th June 2022. Of the received amount the management spent Kshs. 178,173,216 on projects and other administrative costs which translate to 88.2% of the budgeted amount that being a notable improvement from the previous years' 72%.

During this financial year 2021/2022, the NG-CDF Gichugu managed to complete and implement a good number of projects from the financial year 2021/2022 and a couple from the financial year 2020/2021 whose funds were received from the board in the financial year 2021/2022. This was made possible by good co-operation between the NG-CDF committee, the PMCs and other stakeholders despite political activities prevailing during the year. Among major projects completed in the year includes construction of a multipurpose hall at Karucho Secondary School, construction of a dormitory at St. Marks Thumaita Secondary School, Administration Block at Mwanianjau secondary school, renovation of classrooms at Raimu Primary school, renovation of classrooms at Thuiya primary school, Gatugura Primary school, Mucagara Primary school, Kiamiciri primary school among others. A number of Chiefs' and Assistant chiefs' offices were also completed for security and administrative duties

GICHUGU Constituency

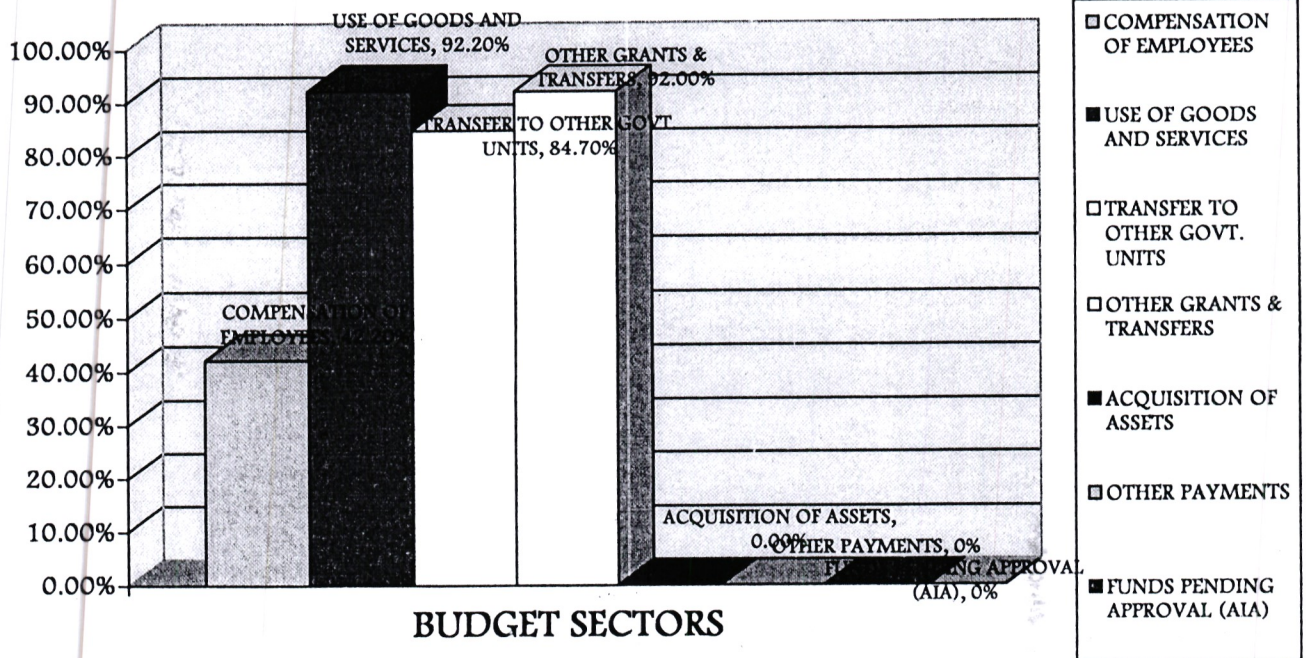
National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

among them being assistant chiefs Gacigi, Kamweti, Kiamugumo and Ndundu-ini assistant chiefs' office. The management was able to disburse bursary to needy students totalling to fourteen thousand. This has enhanced retention of students in school which translates to performance improvement.

Despite the achievements, the management experienced a number of challenges among them high number of requests by some of the institutions within the constituency especially boarding secondary where many required immediate intervention in terms of dormitories, dining halls and classrooms to accommodate high number of students enrolling following the 100% transition of students from Primary to Secondary Schools as per the government policy.

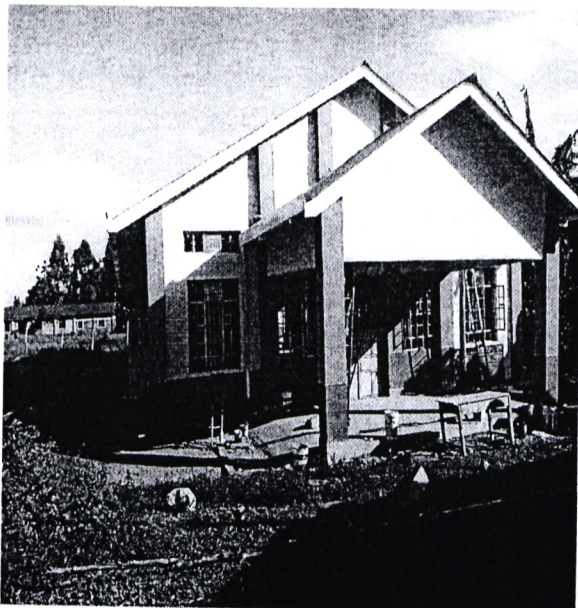
BUDGET PERFORMANCE AGAINST ACTUAL AMOUNTS, FY 2021/2022



GICHUGU Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022



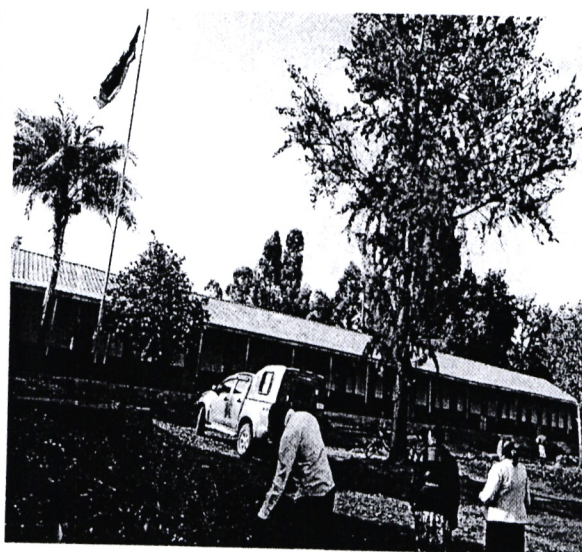
CONSTRUCTION A DINING HALL AT
KARIICHO MIXED SECONDARY SCHOOL



CONSTRUCTION OF AN ADMINISTRATION BLOCK AT
MWANIANJAU MIXED SECONDARY SCHOOL



ix RENOVATION OF 16 NO CLASSROOMS AT
KIAMIWATHI PRIMARY SCHOOL

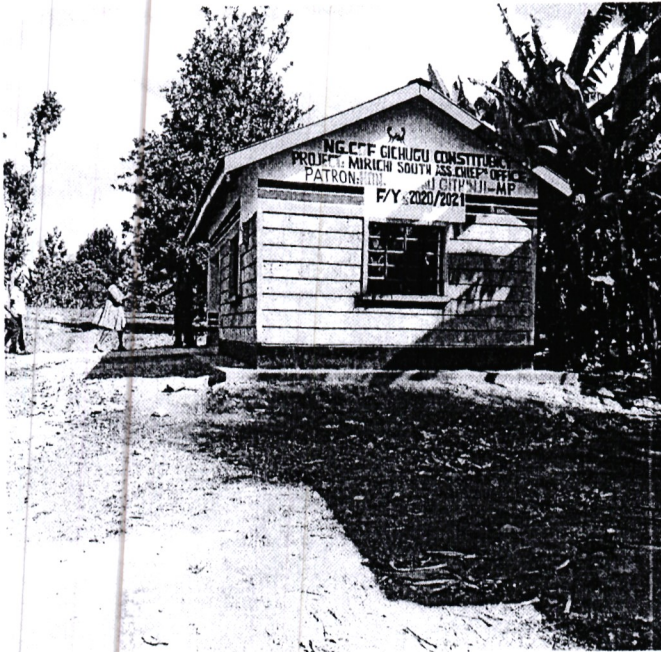


RENOVATION OF 6 NO. CLASSROOMS
GATUGURA PRIMARY SCHOOL

GICHUGU Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022



CONSTRUCTION OF ASSISTANT CHIEF'S OFFICE AT
MIRICI SUB-LOCATION

CONSTRUCTION OF CHIEF'S OFFICE AT
NJUKINI-NORTH LOCATION

Name **GEOFFREY K. NDURU**
CHAIRMAN NGCDF COMMITTEE



GICHUGU Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

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 *GICHUGU Constituency 2018-2022* plan are to:

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	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	- number of usable physical infrastructure build in primary, secondary, and	-In FY 21/22 the Gichugu NGCDF renovated 5 primary schools, completed 3 dining halls, constructed 4 new classrooms and drilled a borehole complete

GICHUGU Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

			tertiary institution s - number of bursary's beneficiaries at all levels	with a water pump to provide safe drinking water for students, all intended to improve learning conditions in our institutions. - Bursary beneficiaries at all levels were as per the attached schedule.
Security	Enhance security infrastructure, housing for security/administration staff	Increased security for the residents of the constituency.	-Usable physical infrastructure build in the constituency.	In the FY 21/22 the Gichugu NGCDF completed 10 offices for the area Chiefs and Assistant chiefs in the constituency aimed at improving service delivery to our constituents in matters of security and administration.
Environment				
Sports	Enhance sporting activities in the constituency to keep the youth	Improvement of talents and reduction of negative vices	Number of uniforms and sporting equipment	Uniforms purchased, balls and sporting shoes bought for atleast

GICHUGU Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

	engaged in a positive manner	like alcohol and drug abuse.	purchased	24 clubs.
Emergency	To carry out emergency interventions in institutions funded by NG-CDF	Improvement of school facilities	Number of projects done by NG-CDF using emergency funds	Toilets constructed at gatugura Primary school ,electricity connections at Kibaro Primary school

IV. Environmental and Sustainability Reporting

GICHUGU 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 GICHUGU NG CDF, the committee funds the following key sectors with the following sustainable priorities.

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

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

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

2. Environmental performance

In financial year 2021/2022 did not set aside funds for environmental activities. Instead the funds was directed to primary school do construct exhaustible toilets which was also viewed as an environmental conservation undertaking.

3. Employee welfare

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

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

GICHUGU 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-

GICHUGU 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.

GICHUGU Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

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.

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

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-GICHUGU 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-GICHUGU 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 Gichugu Constituency 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 incharge of the NGCDF- GICHUGU 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.

GICHUGU Constituency

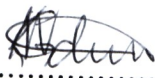
National Government Constituencies Development Fund (NGCDF)


Annual Report and Financial Statements for The Year Ended June 30, 2022

The Accounting Officer in charge of the NGCDF GICHUGU 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 Gichugu Constituency 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

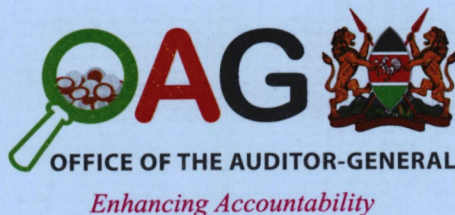
The NGCDF- GICHUGU Constituency financial statements were approved and signed by the Accounting Officer on 05/05/ 2023.


.....
Name: **GEOFFREY K. NDURY**
Chairman – NGCDF Committee
Name:


.....
Name:
Fund Account Manager
Name: **MARGARET N. RWIGIRI**



REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - GICHUGU 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 - Gichugu Constituency set out on pages 1 to 42, which comprise of 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

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

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 matter 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 - Gichugu 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

Unsupported Project Management Committee (PMC) Account Balances

Note 17.4 and Annex 5 to the financial statements reflects Project Management Committees (PMC) account balances of Kshs.9,022,550 . However, cash books and bank reconciliation statements were not provided for audit.

In the circumstances, the accuracy and existence of the Project Management Committees account balances of Kshs.9,022,550 could not be confirmed.

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

1. Budgetary Control and Performance

The summary statement of appropriation reflects final expenditure budget and actual on comparable basis of Kshs.201,916,816 and Kshs.178,173,226 respectively resulting to under expenditure of Kshs.23,743,590 or 12% of the budget.

In the circumstances, the under expenditure may have impacted negatively on service delivery to the residents of Gichugu Constituency.

2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2022. Further, annex 6 to the financial statements in relation to progress on follow up of prior year auditors' recommendations indicates issues that are for the year ended 30 June, 2020 and Management has not provided reasons on how issues for the year ended 30 June, 2021 were resolved.

In the circumstances, the matters remain unresolved.

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. Projects Implementation Status Report

In the year under review, Gichugu NG-CDF budgeted for thirty-one (31) projects with a total budgeted expenditure of Kshs.80,100,000 out of which one (1) project with a budget of Kshs.5,000,000 was ongoing and three (3) projects with a budget of Kshs.5,350,000 were at the procurement level.

In the circumstances, the public did not get value for money on the projects that had not been completed.

2. Projects Inspection Report

During the project inspection exercise done in the month of March, 2023, eighteen (18) projects costing Kshs.56,850,000 were verified. All the eighteen (18) projects were complete and in use. However, an inspection of Thuiya Primary School Project, which entailed renovation of fourteen (14) classrooms, the staff room and the head teacher's office at a cost of Kshs.5,800,000, revealed poor workmanship in regard to fitting and painting of the ceiling works.

In the circumstances, value of money on the expenditure of Kshs.5,800,000 may not have been achieved by the public from poorly implemented projects.

3. Non-Compliance with the Law on Staff Ethnic Composition

Review of the personnel records provided for audit review indicated that the Fund's staff population was Six (6). However, 83% of staff were from the dominant community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states

that no public establishment shall have more than one third of its staff from the same ethnic community.

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

4. Employment of Excess Staff

The statement of receipts and payments reflects compensation of employees amount of Kshs.1,872,982. During the year under review, the Fund had a total of six (6) employees which exceeded the recommended number of five employees by one (1) of the recommended staff establishment. This is contrary to National Government Constituencies Development Fund Board Circular Ref. No. CDF Board/ Circular/ Vol 166 dated 24 June, 2013 that directed the Funds not to employ more than five (5) employees in the constituency offices.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Failure to Update the Fuel Register

The statement of receipts and payments and Note 5 to the financial statements reflect a balance of Kshs.14,161,944 in respect of use of goods and services which includes Kshs.850,000 for fuel, oil and lubricants. However, the fuel register was not updated with entries for goods received numbers (GRNs), order numbers, signatures of the receiving officers and details of the vehicles drawing fuel.

In the circumstance, the existence of an effective internal control mechanism on the utilization of the fuel drawn could not be confirmed

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 Fund's policies and procedures may deteriorate.

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

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

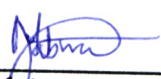
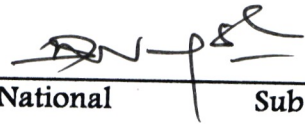

24 May, 2023

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	11,654,711	19,708,058
Cash Balances (Cash at Hand)	10B	-	-
Total Cash and Cash Equivalents		11,654,711	19,708,058
Accounts Receivable			
Outstanding Imprests	11	-	-
Total Financial Assets		11,654,711	19,708,058
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
Total Financial Liabilities			-
Net Financial Assets		11,654,711	19,708,058
Represented By			
Fund Balance B/Fwd	13	19,708,058	13,507,471
Prior Year Adjustments	14	-	
Surplus/Deficit for The Year		(8,053,347)	6,200,587
Net Financial Position		11,654,711	19,708,058

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 05/05/ 2023 and signed by:

 _____	 _____	 _____
Fund Account Manager	National Accountant	Sub-County Chairman NG-CDF Committee

Name: MARGARET N. RUGIRI Name: JAMLEK MIBUSA Name: GEOFFREY K. NDURU
ICPAK M/No: 17276




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

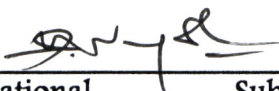
	Notes	2021 - 2022	2020 - 2021
		Kshs	Kshs
Receipts From Operating Activities			
Transfers From NGCDF Board	1	170,088,879	169,367,724
Other Receipts	3	31,000	38,000
Total Receipts		170,119,879	169,405,724
Payments			
Compensation Of Employees	4	1,872,982	3,530,893
Use Of Goods and Services	5	14,161,944	8,855,577
Transfers To Other Government Units	6	61,670,000	79,718,614
Other Grants and Transfers	7	100,468,300	65,651,553
Other Payments	9	-	-
Total Payments		178,173,226	157,756,637
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		(8,053,347)	11,649,087
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	-	-
Acquisition Of Assets	8	-	(5,448,500)
Net Cash Flows from Investing Activities		-	(5,448,500)
Net Increase In Cash And Cash Equivalent		(8,053,347)	6,200,587


Cash & Cash Equivalent At Start Of The Year	10	19,708,058	13,507,471
Cash & Cash Equivalent At End Of The Year		11,654,711	19,708,058

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 05/05/ 2023 and signed by:


 Fund Account Manager


 National Accountant

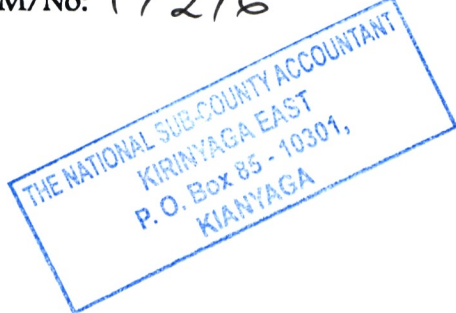

 Sub-County Chairman

NG-CDF Committee

Name: MARGARET N. RUGIDI

Name: JAMLECK MBUYA
ICPAK M/No: 17276

Name: GEOFFREY K. NJURU



National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

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

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %	
	2021/2022	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2021/2022	30/06/2022		
		Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From NGCDF Board	137,088,879	19,708,058	45,088,879	201,885,816	189,796,937	12,088,879	94.0%
Proceeds From Sale of Assets				0	-	-	0.0%
Other Receipts		31,000		31,000	31,000	-	100.0%
Totals	137,088,879	19,739,058	45,088,879	201,916,816	189,827,937	12,088,879	94.0%
Payments							
Compensation Of Employees	3,323,756	1,112,810	0	4,436,566	1,872,982	2,563,594	42.2%
Use Of Goods and Services	9,013,243	5,507,126	846,882	15,367,251	14,161,944	1,205,307	92.2%
Transfers To Other Government Units	61,401,880	5,418,120	6,000,000	72,820,000	61,670,000	11,150,000	84.7%

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %	
	2021/2022	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2021/2022	30/06/2022		
Other Grants and Transfers	63,350,000	7,632,001	38,241,998	109,223,999	100,468,300	8,755,689	92.0%
Acquisition Of Assets							
Other Payments	0						0.0%
Funds Pending Approval**	0	69,000		69,000		69,000	0.0%
Totals	137,088,879	19,739,058	45,088,879	201,916,816	178,173,226	23,743,590	88.2%

i. On compensation of employees' salaries the management had budgeted a total of Ksh 4,436,566 which included provision for gratuity payment. A total of Ksh 1,872,982 was spent as at 30th June 2022 .The unutilized amount include amount for gratuity payment to employees and the management wanted to ensure that employees will be paid their gratuity without difficulties during the transition period.

ii. The management hoped to spend a total of Kshs 72,820,000 Transfers to Other Government Units.However, a total of Ksh 61,670,000 resulting to a difference of Ksh11, 150,000.This funds relates to financial year 2020/2021 which was yet to be received from the Board as at 30th June 2022

iii.A total of Kshs 31,000 was received as appropriation in AID and was pending expenditure approval from the Board,

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities

Description	Amount
Budget utilisation difference totals	23,743,590
Less undisbursed funds receivable from the Board as at 30 th June 2022	(12,088,879)
	11,654,711
Add Accounts payable	0
Less Accounts Receivable	(0)
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2021/2022	11,654,711

The NG-CDF GICHUGU Constituency financial statements were approved on 05/05 2023 and signed by:


Fund Account Manager


National Sub-County Accountant


Chairman NG-CDF Committee

Name: MARGARET N. RUGIRI

Name: JAMLECK MBEBA Name: GEOFFREY K. NDURU

ICPAK M/No: 17276



X. Budget Execution by Sectors and Projects for the Year Ended 30th June 2022

Programme/Sub-programme	Original Budget 2021/2022 Kshs	Adjustments		Final Budget 2021/2022 Kshs	Actual on comparable basis 30/06/2022 Kshs	Budget utilization difference Kshs
		Opening Balance (C/Bk) and AIA Kshs	Previous Years' Outstanding Disbursements Kshs			
1.0 Administration and Recurrent						
1.1 Compensation of employees	3,323,756	1,112,810		4,436,566	1,872,982	2,563,584
1.2 Committee allowances	1,236,002	411,400		1,647,402	1,647,402	-
1.3 Use of goods and services	3,664,575	3,895,726		7,560,301	7,560,301	-
2.0 Monitoring and evaluation						
2.1 Capacity building	1,741,668			1,741,668	1,741,668	-
2.2 Committee allowances	1,170,998			1,170,998	1,170,998	-
2.3 Use of goods and services	1,200,000	1,200,000	846,882	3,246,882	2,041,575	1,205,307
3.0 Emergency						
3.1 Primary Schools	4,400,000			-	4,400,000	0

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
3.2 Secondary schools		1,000,000		-	1,000,000	0
3.3 Tertiary institutions				-		-
3.4 Security projects		3,250,000		-	3,250,000	0
3.5 Unutilised	2,792,207	651,296		3,443,503		3,443,503
4.0 Bursary and Social Security						
4.1 Primary Schools						
4.2 Secondary Schools	28,000,000	1,936,829	28,809,671	58,746,500	58,746,500	-
4.3 Tertiary Institutions	12,208,673		6,932,327	19,141,000	19,141,000	0
4.4 Universities						
4.5 Social Security						
5.0 Sports						
5.1 Gichugu Sports Project	2,251,000	2,741,997		4,992,997	2,180,800	2,812,197
5.2						
5.3						
6.0 Environment						
6.1 Environment	0	0	2,500,000	2,500,000	0	2,500,000
6.2						
6.3						

Programme/Sub-programme	Original Budget	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
7.0 Primary Schools Projects (List all the Projects)	2021/2022					
7.1 Kimunye Primary School		1,500,000		1,500,000	1,300,000	-
7.2 Kiamugumo Primary School		270,000		270,000	270,000	-
7.3 Mucagara Primary School	4,500,000			4,500,000	4,500,000	-
7.4 Gatunguru Primary School	2,500,000			2,500,000	2,500,000	-
7.5 Kiamiciri Primary School	5,400,000			5,400,000	5,400,000	-
7.6 Kanjuu Primary School	4,800,000			4,800,000	4,800,000	-
7.7 Raimu Primary School	4,000,000			4,000,000	4,000,000	-
7.8 Kiamwathi Primary School	5,200,000			5,200,000	5,200,000	-
7.9 Kamwana Primary School	3,250,000			3,250,000	3,250,000	-
7.10 Thuiya Primary School	5,800,000			5,800,000	5,800,000	-
7.11 Nyanja Primary School	1,300,000			1,300,000	1,300,000	-
7.12 St Thomas CCM Mburi Primary School	2,200,000			2,200,000	2,200,000	-
7.13 Kiamwathi Primary School	250,000			250,000	250,000	-
7.14 Ngiriambu Primary School	700,000			700,000	700,000	-

Programme/Sub-programme	Original Budget	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
11.2 Construction of CDF office						
11.3 Purchase of furniture and equipment						
11.4 Purchase of computers						
11.5 Purchase of land						
12.0 Others						
12.1 Strategic Plan						
12.2 Innovation Hub						
12.2						
Funds pending approval**		69,000		69,000		
Total	137,088,879	19,739,058	45,088,879	201,916,816	178,173,226	23,743,590

(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

XI. Significant Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Significant Accounting Policies continued

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

Significant Accounting Policies continued

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Significant Accounting Policies continued

6. Cash and Cash Equivalents.

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

Significant Accounting Policies continued

7. Accounts Receivable

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

8. Accounts Payable

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

Significant Accounting Policies continued

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 30 June 2021 for the period 1st July 2021 to 30th June 2022 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022.

Significant Accounting Policies continued

14. Errors

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

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

15. Related Party Transactions

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

XII. Notes to the Financial Statements

1. Transfers from NGCDF Board

Description	2021-2022	2020-2021
	Kshs	Kshs
NGCDF Board		
AIE NO. B096884		8,000,000
AIE NO. B104857		58,867,724
AIE NO. B124717		8,000,000
AIE NO. B124841		5,500,000
AIE NO. B124940		8,500,000
AIE NO. B119795		12,000,000
AIE NO. B128085		6,900,000
AIE NO. B128395		7,000,000
AIE NO. B132140		6,000,000
AIE NO. B138808		12,000,000
AIE NO. B126104		7,000,000
AIE NO. B126393		12,600,000
AIE NO. B140539		12,000,000
AIE NO. B105138		5,000,000
AIE NO. B140888	33,000,000	
AIE NO. B105436	44,000,000	
AIE NO. B105766	22,000,000	
AIE NO. B132500	5,000,000	
AIE NO. B128811	12,000,000	
AIE NO. B154009	12,000,000	
AIE NO. B164452	18,000,000	
AIE NO. B155814	24,088,879	
TOTAL	170,088,879	169,367,724

2. Proceeds From Sale of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Others (specify)		
Total	0	0

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from sale of tender documents	31,000	38,000
Hire of plant/equipment/facilities	0	0
Unutilized funds from PMCs	0	0
Other Receipts Not Classified Elsewhere	0	0
Total	31,000	38,000

Notes to the Financial Statements (Continued)

4. Compensation Of Employees

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	1,872,982	1,868,169
Personal allowances paid as part of salary		
House Allowance	0	0
Transport Allowance	0	0
Leave allowance	0	0
Gratuity to contractual employees	0	0
Employer Contributions Compulsory national social security schemes	0	0
Total	1,872,982	1,868,169

5. Use Of Goods and Services

	2021-2022	2020-2021
	Kshs	Kshs
Utilities, supplies and services		921,347
Electricity	57,322	43,692
Water & sewerage charges	-	-
Office rent	-	-
Communication, supplies and services	90,338	84,098
Domestic travel and subsistence	434,600	0
Printing, advertising and information supplies & services	1,440,000	660,000
Rentals of produced assets		-
Training expenses	1,473,600	0
Hospitality supplies and services		0
Other committee expenses	-	0
Committee allowance	2,818,400	2,884,100
Insurance costs	197,317	-
Specialised materials and services	712,000	-

Office and general supplies and services	1,652,085	0
Fuel , oil & lubricants	850,000	800,000
Other operating expenses	4,023,000	3,428,720
Bank service commission and charges	50,000	33,620
Other Operating Expenses	-	-
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	363,282	0
Routine maintenance- other assets	-	0
TOTAL	14,161,944	8,855,577

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)	43,970,000	47,018,614
Transfers To Secondary Schools (See Attached List)	17,700,000	32,700,000
Transfers To Tertiary Institutions (See Attached List)	-	0
Total	61,670,000.00	79,718,614

7. Other Grants and Other transfers

	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	58,746,500	26,374,869
Bursary – tertiary institutions (see attached list)	19,141,000	9,528,000
Revision Books	-	4,000,000
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Social Security programmes (NIIF)	-	-
Security projects (see attached list)	13,350,000	12,470,000
Sports projects (see attached list)	2,180,800	4,128,684

Environment projects (see attached list)	-	-
Emergency projects (see attached list)	7,050,000	9,150,000
Total	100,468,300	65,651,553

8. Acquisition of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	5,200,000
Purchase of Bicycles & Motorcycles	0	248,500
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialized Plant, Equipment and Machinery	0	0
Acquisition of Land	0	0
Total	0	5,448,500

Notes To the Financial Statements (Continued)

9. Other Payments

	2021-2022	2020-2021
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
	0	0

10: Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
10A: Bank Accounts (Cash Book Bank Balance)		
<i>Family Bank, Kutus Branch, Gichugu NG-CDF,020000002893</i>	11,654,711	19,708,058
Total	11,654,711	19,708,058
10 B: Cash on Hand		
Location 1	0	0
Total	0	0

11: Outstanding Imprests

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
<i>Total</i>		0	0	0

Notes to the Financial Statement Continued

12A. Retention

[Provide short appropriate explanations as necessary.]

	2021-2022	2020-2021
	KShs	KShs
Retention as at 1 st July (A)	0	0
Retention held during the year (B)	0	0
Retention paid during the Year (C)	0	0
Closing Retention as at 30 th June D= A+B-C	0	0

12B. Gratuity

	2021-2022	2020-2021
	KShs	KShs
Gratuity as at 1 st July (A)	0	0
Gratuity held during the year (B)	0	1,662,724
Gratuity paid during the Year (C)	0	1,662,724
Closing Gratuity as at 30 th June D= A+B-C	0	(0)

[Provide short appropriate explanations as necessary]

13. Balances Brought Forward

	2021-2022 (1 st July 2021)	2020-2021 (1 st July 2020)
	Kshs	Kshs
Bank accounts	19,708,058	13,507,471
Cash in hand	0	0
Imprest	0	0
Total	19,708,058	13,507,471

[Provide short appropriate explanations as necessary]

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	0	0	0
Cash in hand	0	0	0
Accounts Payables	(0)	0	(0)
Receivables	0	0	0
Others (<i>specify</i>)	0	0	0
Total	0	0	0

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

15. Changes in Accounts Receivable – Outstanding Imprests

	2021-2022	2020-2021
	KShs	KShs
Outstanding Imprest as at 1 st July (A)	0	0
Imprest issued during the year (B)	0	0
Imprest surrendered during the Year (C)	0	0
closing accounts in account receivables D= A+B-C	0	0
Changes in Account Receivables E= D-A	0	0

16. Changes in Accounts Payable – Deposits and Retentions

	2021 – 2022	2020 – 2021
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	0	0
Deposit and Retentions held during the year (B)	0	0
Deposit and Retentions paid during the Year (C)	0	0
closing account payables D= A+B-C	0	0
Changes in Accounts Payable E= D-E	0	0

Notes to the Financial Statements (Continued)

17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

	2021-2022	2020-2021
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
Total	0	0

17.2: Pending Staff Payables (See Annex 2)

	2021-2022	2020-2021
	Kshs	Kshs
NGCDFC Staff	0	0
Others (<i>specify</i>)	0	0
Total	0	0

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	2,563,594	1,806,587
Use of goods and services	1,205,307	95,102
Amounts due to other Government entities (see attached list)	11,150,000	8,621,386
Amounts due to other grants and other transfers (see attached list)	8,755,689	54,232,730
Acquisition of assets	0	1,500
Others (<i>specify</i>)	0	1,632
Funds pending approval	69,000	38,000
Total	23,743,590	64,796,937

17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	9,022,550	77,440,000
Total	9,022,550	77,440,000

Annexes

Annex 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					

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To- Date	Outstanding Balance 2022	Comments
10.					
Sub-Total					
Grand Total					

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				

Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		2,563,594	1,806,587	
Use of goods & services		1,205,307	95,102	
Amounts due to other Government entities			8,621,386	
Mugumo Secondary School		6,000,000		
Kamwana Primary School		3,250,000		
Kiaumbui Secondary School		1,900,000		
Sub-Total		11,150,000	8,621,386	
Amounts due to other grants and other transfers				
Emergency		3,443,491	5,874,724	
Environment		2,500,000	5,248,614	
Sports		2,812,198	2,742,728	
Security Projects			750,000	
Bursary			39,616,664	
Sub-Total		8,755,689	54,232,730	
Acquisition of assets			1,500	
Others (<i>specify</i>)			1,632	

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Sub-Total				
Funds pending approval		69,000	38,000	
Grand Total		23,743,590	64,796,937	

Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2020/21	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2021/22
Land	0			0
Buildings and structures	6,179,329			6,179,329
Transport equipment	10,493,138			10,493,138
Office equipment, furniture and fittings	1,406,300			1,406,300
ICT Equipment, Software and Other ICT Assets	563,000			563,000
Other Machinery and Equipment	56,300	199,800		256,100
Heritage and cultural assets	0			0
Intangible assets	0			0
Total	18,698,067			18,897,867

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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Nyanja Primary School	Family Bank	020000004717	1,303,550	4,800,000
Githure Primary School	Family Bank	020000003798	2,760	5,500,000
Kianjiru Primary School	Family Bank	020000004736	120	400,000
Guama Primary School	Family Bank	020000004745	10,040	3,500,000
Kianguenyi Secondary School	Family Bank	020000004765	4,498	3,500,000
Mucagara Primary School	Equity Bank	0100297364286	1,540	1,500,000
Kamwana Primary School	Family Bank	020000004783	1,000,000	1,000,000
Mugumo Primary School	Equity Bank	0100293477257	81,580	6,700,000
Gaciongo Sec Sch	Equity Bank	0190296322445	200	1,700,000
Kiandai Secondary School	Equity Bank	0100294253443	910	1,300,000
Kianyambo Secondary School	Family Bank	020000004730	300	3,500,000
St Marks Girls Thumaita	Equity Bank	0100293767152	2,580,239	11,000,000
Kavote Secondary School	Equity Bank	0100295456144	15,730	1,300,000
Kavote Primary School	Equity Bank	0100273470257	3,785	6,000,000
Kianjiru Asst. Chiefs Office	Family Bank	020000002826	1,820	250,000
Karuchu Asst. Chiefs Office	Family Bank	020000003270	430	250,000
Kiritini Asst. Chief Office	Family Bank	020000004695	1,005	1,500,000

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Rungeto Asst. Chief Office	Family Bank	020000004754	1,405	150,000
Mutige Asst. Chiefs Office	Family Bank	020000004677	5,970	1,200,000
Kirima Chiefs Office	Family Bank	020000004676	905	550,000
Ngerwe Asst. Chief Office	Family Bank	020000004657	1,635	1,450,000
Mirichi Asst. Chief Office	Family Bank	020000004656	2,002,248	1,450,000
Kanjuu Asst. Chief Office	Family Bank	020000004655	1,750	1,450,000
Njukiini North Chiefs Office	Family Bank	020000004654	130	720,000
Ngiriambu Primary School	Family Bank	020000003799	700,000	
Rukenya Primary School	Equity Bank	0100192689477	1,050,000	
Kiamwathi Primary School	Family Bank	020000003301	250,000	
Thumaita East Primary School	Family Bank	020000004729		1,200,000
Rukenya Secondary School	Equity Bank	0100293737523		3,700,000
Gaciongo Primary Sch	Equity Bank	0100291126606		5,400,000
Kiaumbui Secondary School	Equity Bank	0190293948598		5,000,000
Kiaumbui Primary School	Equity Bank	0190194210400		1,470,000
Total			9,022,550	77,440,000

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)
EH/AUD /NG-CDF/GI CHUGU C/2019-20/7	<p>Other Grants and Other Payments - Security Projects</p> <p>Note 7 to the financial statements for the year ended 30 June 2020 reflects Kshs 21,645,651 in respect to other grants and other payments which includes Kshs 11,710,000 in respect to security projects undertaken within the constituency. Included in the Kshs 11,710,000 is Kshs 6,310,000 in respect to three (3) security projects as follows; Kianjiru Assistant Chiefs' Office 3,200,000; Gacigi Police Post 2,050,000; Kimunye Police Post 1,060,000</p> <p>However, although the three (3) projects were completed and handed over in March 2020 they had not put to use as at the time of verification in November 2020. Further, included in Kshs 11,710,000 is Kshs 2,000,000 in respect to Njuki-Ini Assistance County Commissioner's office whereby funds were disbursed but not</p>	<p>The NG-CDF management notes that the projects were complete, ready for use and handed over to the user. However, some offices were lacking furniture like kianjiru assistant chief and gacigi chief's offices. The NG-CDF management has made a provision in 2020/2021 budget to purchase furniture for those offices and construct a waiting bay for clients. The furniture were purchased and delivered in the respective offices and the offices now are fully operational. Further, the management is in</p>	<p>Not Resolved</p>	

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>implemented due to site dispute.</p> <p>In the circumstances, the value for money equivalent to Kshs 8,310,000 disbursed during the year ended 30 June 2020 could not be confirmed.</p>	<p>communication with the assistant county commissioner, who is also a member of the committee, to ensure that the offices are fully used. On the issue of site dispute, it has been resolved by the assistant county commissioner and the project has been moved to a new site and implementation is complete.</p>		
<p>Cash and Cash Equivalents</p> <p>EH/AUD /NG- CDF/GI CHUGU C/2019-20/7</p>	<p>Note 10A to the financial statements reflects Kshs. 13,507,471 in respect to cash and cash equivalents balance as at 30 June 2020 held in one bank account. However, the respective bank reconciliation statement reflects unrepresented cheques totaling Kshs. 560,107</p>	<p>The amount totaling to Kshs. 560,107 in terms of unrepresented cheques at the end of the financial year, were mainly bursary cheques and payments to government institutions (some made just days before the close of the financial year). The management noted that those</p>	<p>Not Resolved</p>	

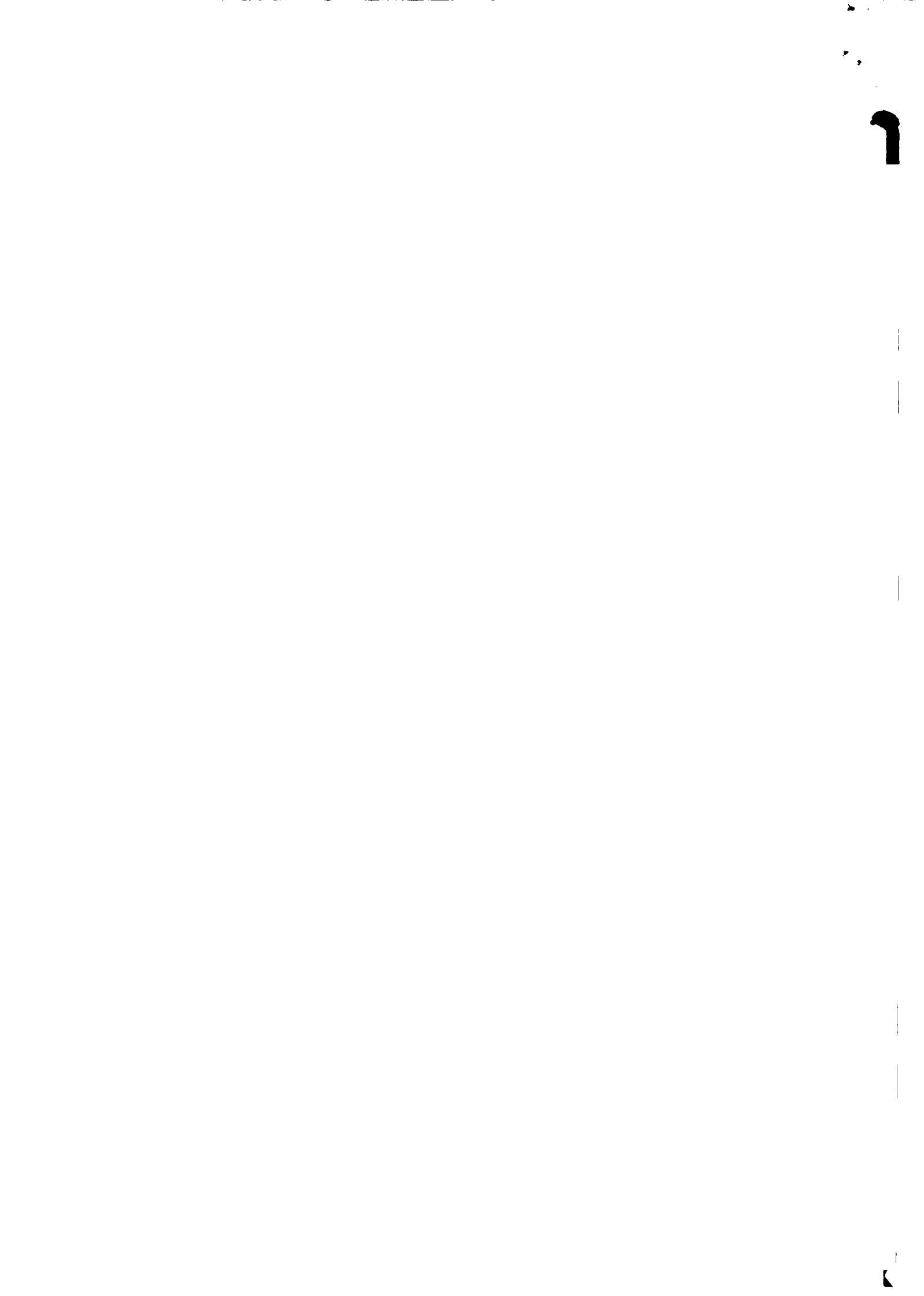
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>which further includes nineteen (19) stale cheques totaling Kshs. 158,549 and which had not been replaced or reversed in the cash book as at 30 November 2020 thereby understating the cash and cash equivalents balance of Kshs. 13,507,471 by the same amount.</p> <p>In view of the above, the validity and accuracy of the cash and cash equivalents balance of Kshs. 13,507,471 as at 30 June, 2020 could not be ascertained</p>	<p>bursary cheques were issued just before schools were closed amid covid-19 pandemic and therefore the institutions had yet to present these cheques to the bank. However, Kshs. 401,558 of Kshs. 560,107 has been presented to the bank translating to 72%. The management is making follow ups to ensure the remaining cheques are presented for payment.</p>		
EH/AUD /NG- CDF/GI CHUGU C/2019-20/7	<p>Accuracy of Financial Statements</p> <p>Annex 4 to the financial statements for the year under review reflects an opening balance of Kshs. 12,330,267 in respect to historical cost of fixed assets. However, the previous financial statements reflected a closing balance</p>	<p>The issue has been noted and rectified in the financial statement.</p>	Resolved	

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>of Kshs. 12,905,267 in respect to same item resulting to an unexplained and unreconciled variance of Kshs. 575,000.</p> <p>In the circumstances, the accuracy of the Kshs. 12,330,267 historical cost balance for the year ended 30 June 2020 could not be ascertained.</p>			



.....
Name
Fund Account Manager.





Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/BK) and AIA	Previous Years' Outstanding Disbursements			
7.15 Kiathi Primary School	250,000			250,000	250,000	-
7.16 Githure Primary School	2,000,000			2,000,000	2000000	-
7.17 Gatugura Primary School	3,500,000			3,500,000	3500000	-
8.0 Secondary Schools Projects (List all the Projects)						
8.1 Kiaumbui Secondary School	700,000	1,900,000		2,600,000	700,000	1,900,000
8.2 Kiamutugu Secondary School	1,300,000			1,300,000	1,300,000	-
8.3 Kianyaga Secondary School	1,300,000			1,300,000	1,300,000	-
8.4 Kiburia Secondary School	1,300,000			1,300,000	1,300,000	-
8.5 Kiamwathi Secondary School	1,300,000			1,300,000	1,300,000	-
8.6 Karucho Secondary School	6,000,000			6,000,000	6,000,000	-
8.7 Mwanianjau Secondary School	4,500,000			4,500,000	4,500,000	-
8.8 Kianyambo Secondary School	1,300,000			1,300,000	1,300,000	-
8.9 Mugumo Secondary School			6,000,000	6,000,000		6,000,000
9.0 Tertiary institutions Projects (List all the Projects)						
9.1						

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
9.2						
9.3						
9.4						
10.0 Security Projects						
10.1 Gacigi Assistant Chiefs Office	1,450,000			1,450,000	1,450,000	-
10.2 Kamweti Assistant Chiefs Office	1,450,000			1,450,000	1,450,000	-
10.3 Kiamugumo Assistant Chiefs Office	1,450,000			1,450,000	1,450,000	-
10.4 Ndunduini Assistant Chiefs Office	850,000			850,000	850,000	-
10.5 Mucagara Police Station	1,200,000			1,200,000	1,200,000	-
10.6 Mirichi Assistant Chiefs Office	5,000,000			5,000,000	5,000,000	-
10.7 Njuki-ini North Assistant Chiefs Office	100,000			100,000	100,000	-
10.8 Kiamutugu Police Station	250,000			250,000	250,000	-
11.0 Acquisition of assets						
11.1 Motor Vehicles (including motorbikes)						