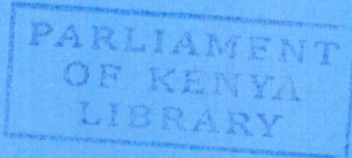


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability




REPORT

OF

THE AUDITOR-GENERAL

ON

 THE NATIONAL ASSEMBLY	
DATE: 06 JUL 2023	
Thursday	
TABLED BY:	Hon. Samuel Chepkonga
CLERK AT THE TABLE:	Jojo Kemethle

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

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



OFFICE OF THE AUDITOR GENERAL
P.O. Box 95202, MOMBASA
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KISAUNI 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)

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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;

I. Key Constituency Information and Management....Continued

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

I. Key Constituency Information and Management..... Continued

(b) Key Management

The Kisauni 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

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Fatma M Abubakar
2.	Sub-County Accountant	Elijah Atambo
3.	Chairperson NGCDFC	Zainab Abdi
4.	Member NGCDFC	N/A

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Kisauni 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) Kisauni Constituency NGCDF Headquarters

P.O. Box 87910-80100
Opp. Jocham Hospital
Karisa Maitha Road
Mombasa, Kenya

I. Key Constituency Information and Management..... Continued

(f) Kisauni Constituency NGCDF Contacts

Telephone: 020-2630946
E-mail: cdfkisauni@ngcdf.go.ke
Website: Kisauni-ng-cdf.co.ke

(g) Kisauni Constituency NGCDF Bankers

Co-operative Bank
Kongowea Branch
A/c 01141547656500
P.O.Box 87910-80100
Mombasa Kenya

(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-CDFC Chairperson's Report

Zainab Abdi Juma

NG-CDF Chairperson



BUDGET PERFORMANCE

NG CDF Kisauni has utilized its allocated funds by undertaking its budgeted projects and allocations more than 70% of the funds has been utilized. In summary the budget performance against the actual amounts over the financial year was fairly good based on the economic classification and programmes. NG CDF Kisauni has had major achievements in implementation of education and projects over the year.

KEY ACHIEVEMENTS

During the period under review, NG CDF Kisauni has been able to achieve the following;

- Payment of NHIF to vulnerable families including orphans and vulnerable children (OVCs), poor older persons with disabilities (PWDs), destitute families and people with chronic illness for one year within the constituency.
- Empowering youth in the constituency by issuing bursary to the bright and needy students in secondary and tertiary institution.
- Empowering youths by proving driving Licence to the youths.
- Building of new primary and secondary schools within the constituency to enable the residents to access nearby schools.
- Improving security in the constituency by constructing chief's office at Shanzu and Mtopanga ward all ongoing.

EMERGING ISSUES

- Increased School enrolment.
- Population Increase.
- Corona Virus Outbreak.
- Existence of County Governments considers CDF as a competitor instead of complementary.
- NG CDF Board to reduce the rate of staff turnovers in constituencies. i.e FAM Transfers.

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

II. NG-CDFC Chairperson's Report Continued

IMPLEMENTING CHALLENGES.

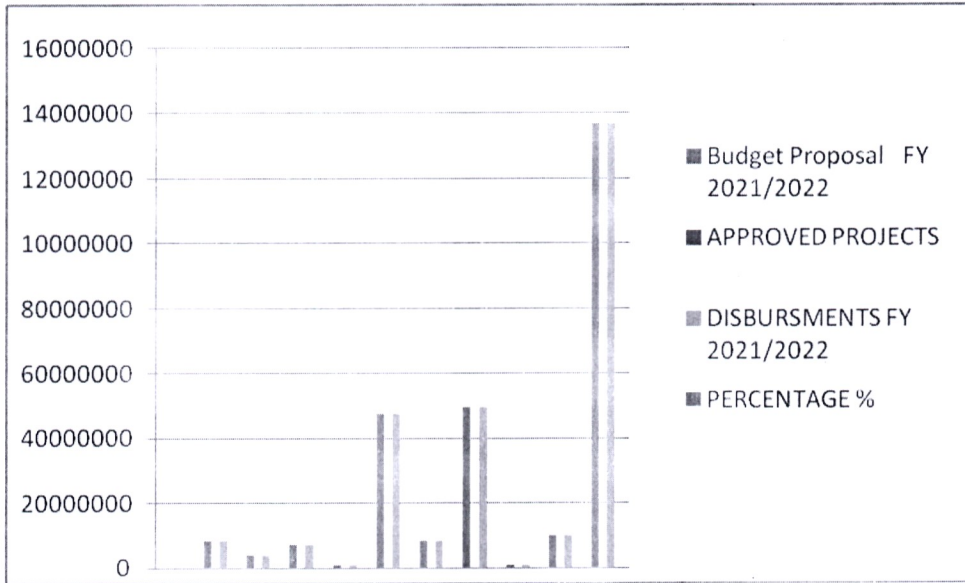
- Lack of PMCs information hence hindering the efficient and effective implementation of projects.
- Disbursement of funds from the board is not timely thus affecting the completion rate.

RECOMMENDATIONS AND WAY FORWARD.

- Frequent and adequate training of PMCs.
- Timely disbursement of the constituency allocations from board.

NAME OF PROJECTS	Budget Proposal	APPROVED PROJECTS	DISBURSMENT S	PERCENTAGE
	FY 2021/2022		FY 2021/2022	%
	Kshs	Kshs	Kshs	
Administration and Recurrent	8,177,120.98	YES	8,177,120.98	100%
Monitoring and evaluation	4,112,666.37	YES	4,112,666.37	100%
Emergency	7,192,207.00	YES	7,192,207.00	100%
Environment	741,777.00	YES	741,777.00	100%
Bursary and Social Security	47,781,107.65	YES	47,781,107.65	100%
Primary Schools Projects	8,500,000.00	YES	8,500,000.00	100%
Secondary Schools Projects	49,600,000.00	YES	49,600,000.00	100%
Security project	984,000.00	YES	984,000.00	100%
NG-CDF Office	10,000,000.00	YES	10,000,000.00	100%
TOTAL	137,088,879.00		137,088,879.00	100%

II. NG-CDFC Chairperson's Report Continued

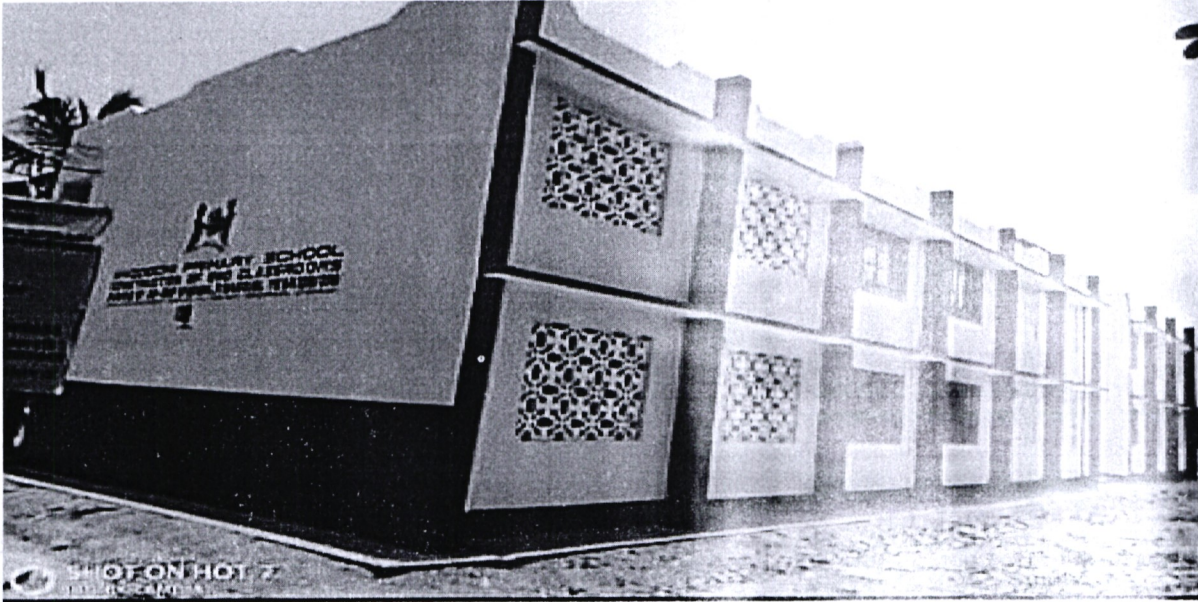


MTOPANGA CHIEFS OFFICE



II. NG-CDFC Chairperson's Report Continued

2. MAGOGONI PRIMARY SCHOOL



3. BURSARY ISSUANCE



Zainab

.....
Name: Zainab Abdi Juma
CHAIRPERSON NGCDF COMMITTEE

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 *Kisauni 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 PROGRAMME	OBJECTIVES	OUTCOME	INDICATOR	PERFORMANCE
EDUCATION	1. To improve access to education.	1. Increased transition from primary to secondary schools.	1. Number of bursary beneficiaries at Secondary levels	1. Increased bursary amount for secondary school beneficiaries.
	2. To improve infrastructure in learning institutions.	2. Improved education standards.	1. Number of new classrooms constructed.	2. we are building new schools , laboratory to increase education standards
SECURITY	1. To enhance and to sustain security in the constituency.	1. Conducive working environment for security personnel.	1. Improved working environment.	1. We constructed and furnished chiefs office
ENVIRONMENT	1. To promote sustainable environment management.	1. improved soil erosion.	1. improved soil erosion.	Construction of drainage, Cabro paving 150 square metres
SPORTS	1. To nurture and promote youth sporting talent practices.	1. Purchased sporting uniforms and equipments.	1. Number of teens supported in terms of sports	Purchased sports kit

IV. Environmental and Sustainability Reporting

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

- a. **Education and Training:** Kisauni 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.

IV. Environmental and Sustainability Reporting.... Continued

- 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

Construction of open drains and walk ways for paving of the front and parade area with paving slabs and construction of open drains to drain water from the paved area.

Sensitization of youth/ community on the impact of drugs by construction of chief's offices and including halls in it

3. Employee welfare

We invest in providing the best working environment for our employees. Kisauni 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. Kisauni constituency invests in capacity building

IV. Environmental and Sustainability Reporting-... Continued

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-

Kisauni 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-

Kisauni 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.

IV. Environmental and Sustainability Reporting..... Continued

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.

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



.....
Name: Monica Mwai

Fund Account Manager

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-Kisauni 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.

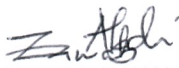
The Accounting Officer in charge of the NGCDF-Kisauni Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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- Kisauni 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.

V. Statement of Management Responsibilities.... Continued

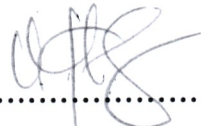
The Accounting Officer in charge of the NGCDF Kisauni Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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- Kisauni Constituency financial statements were approved and signed by the Accounting Officer on 4 - 4 - 2023.



.....
Name: ZAINAB ABDI JUMA
Chairperson – NGCDF Committee



.....
Name: MONICA MWAI
Fund Account Manager

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KISAUNI 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 - Kisauni Constituency as set out on pages 1 to 27, which comprise of the statement of assets and liabilities as at 30 June, 2022, the

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

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

In my opinion, except for the effects 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 - Kisauni Constituency as at 30 June, 2022, and its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

Variances Between the Financial Statements and Ledger

The statement of receipts and payments reflects Kshs.6,956,155 and Kshs.3,797,281 in respect of other receipts and compensation of employees respectively. However, the supporting general ledger balances for the two categories reflects Kshs.8,649,028 and Kshs.3,714,748 resulting in unexplained and unreconciled variances of Kshs.1,692,873 and Kshs.82,500 respectively.

In the circumstances, the accuracy and completeness of other receipts and compensation of employees amounts of and Kshs.6,956,155 and Kshs.3,139,870 respectively for the year ended 30 June, 2022 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on a comparable basis of Kshs.241,255,591 and Kshs.229,166,712 respectively, resulting in an under-funding of Kshs.12,088,879 (or 5%) of the budget. Similarly, the Fund expended Kshs.183,442,349 against an approved budget of Kshs.241,255,590, resulting in an under-expenditure of Kshs.57,813,349 (or 24%) of the budget.

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

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. I have determined that there are no key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, a matter was raised under the report on Lawfulness and Effectiveness in Use of Public Resources. However, Management had not resolved nor disclosed the status of the prior year matter as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Management has not provided satisfactory explanation for the delay in resolving the issue.

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. Transfers to Other Government Units

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfers to other Government units of Kshs.107,507,780. Physical verification of projects and review of expenditure documents for the transferred amount revealed the following anomalies in respect of four (4) projects implemented at a cost of Kshs.66,532,295.

1.1 Stalled Administration Block and Classrooms

A contract for construction of administration block and a three-classroom building at Mwembelegeza Primary School was awarded on 8 March, 2022 to a local contractor at a sum of Kshs12,724,715, out of which a total of Kshs.11,500,000 was disbursed during the year under review. The contract provided for an execution period of twenty (20) weeks without specifying the commencement date. As at the time of project inspection on 10 March, 2023, two classrooms and the administration offices were indicated to be incomplete, estimated to be 70% and 50% completion levels respectively. However, the contractor was not on site.

In addition, Management indicated that the two classrooms were being constructed on top of another adjacent building, a claim which could not be confirmed during the audit. Further, there were existing unutilized classrooms, an indication that there might have been no need for the project.

In the circumstances, the value for money incurred in respect of the project could not be confirmed.

1.2 Lack of Ownership Documents for School Construction Land

Review of the project file revealed that Management purchased land for construction of Barani Primary School at a cost of Kshs.31,905,000. However, the ownership documents for the land were not provided for audit review. During audit inspection of 10 March, 2023, it was observed that the land was not fenced to protect it against encroachment.

In the circumstances, the validity of expenditure of Kshs.31,905,000 on purchase of land could not be confirmed

1.3 Incomplete Laboratory Building and Furniture Project

Review of project records for construction of a laboratory building and purchase of furniture for Mwembelegeza Secondary School revealed that Management awarded the contract on 30 April, 2022 at a cost of Kshs8,802,000 with a commencement date of 8 May, 2022 and expected completion date of August, 2022. Physical inspection of the project on carried out in March, 2023 revealed that the project was incomplete as wrought hardwood, iron monger, store shelving and pin boards all costing Kshs.221,350 and balcony railings costing Kshs.289,650 had not been done. Further, prime costs for electrical installation, mechanical works and contingencies, all costing Kshs.850,000 were not supported with the actual measured works or activities performed.

In the circumstances, the value for money incurred in respect of the project could not be confirmed.

1.4 Incomplete Classrooms and Supply of Lockers and Chairs Project

Review of project records for construction of two classrooms and purchase of school lockers and chairs at Mtopanga Secondary School revealed that Management awarded the contract on 9 March, 2022 at a cost of Kshs.5,100,000 with a commencement date of 16 March, 2022 and an expected completion date of 30 June, 2022. Site inspection of the project in March, 2023 revealed that the construction work was incomplete as the precast paving slabs costing Kshs.16,800 were not done with only the screed surface done. Further, four (4) fluorescent luminaire fittings and two (2) fluorescent bulkhead luminaire costing Kshs.11,000 and six (6) ceiling fans costing Kshs.24,000 were not installed. Additionally, expenditure of Kshs.250,000 for contingencies was not supported with actual activities undertaken.

In the circumstances, value for money incurred on the project could not be confirmed. 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 such internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the ability of the Fund 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 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 describes 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 the 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 transaction 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 controls 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error of 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 controls 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 controls, 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 or 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 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 manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

30 June, 2023

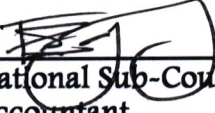
VII. Statement of Receipts and Payments for the Year Ended 30th June 2022

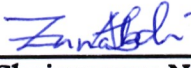
	Note	2021-2022	2020-2021
			Kshs
RECEIPTS			
Transfers from NGCDF Board	1	170,518,879	160,937,724
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	6,956,155	632,201
TOTAL RECEIPTS		177,475,034	161,569,925
PAYMENTS			
Compensation of employees	4	3,797,281	4,652,230
Use of goods and services	5	9,463,721	8,393,273
Transfers to Other Government Units	6	107,507,780	54,479,553
Other grants and transfers	7	62,673,567	51,845,260
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		183,442,349	119,370,316
SURPLUS/DEFICIT		(5,967,315)	42,199,609

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 4-4- 2023 and signed by:


Fund Account Manager


National Sub-County
Accountant


Chairperson NG-CDF
Committee

Name: MONICA MWAI

Name: EDWIN OZIGHE
INDASE
ICPAK M/No: 20457

Name: ZAINAB ABDI JUMA.

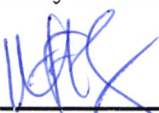
*Kisauni Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

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	45,724,363	51,691,678
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		45,724,363	51,691,678
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		45,724,363	51,691,678
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
NET FINANCIAL SSETS		45,724,363	51,691,678
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	51,691,678	9,492,069
Prior year adjustments	14	-	
Surplus/Defict for the year		(5,967,315)	42,199,609
NET FINANCIAL POSITION		45,724,363	51,691.678

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 4-4- 2023 and signed by:



Fund Account Manager



National Sub-County
Accountant



Chairperson NG-CDF
Committee

Name: MONICA MWAI

Name: EDWIN OZIGE INDASE
ICPAK M/No: 20457

Name: ZAINAB ABDI JUMA

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


		2021-2022	2020-2021
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	170,518,879	160,937,724
Other Receipts	3	6,956,155	632,201
		177,475,034	161,569,925
Payments for operating activities			
Compensation of Employees	4	3,797,281	4,652,230
Use of goods and services	5	9,463,721	8,393,273
Transfers to Other Government Units	6	107,507,780	54,479,553
Other grants and transfers	7	62,673,567	51,845,260
Other Payments	9	-	-
		183,442,349	119,370,316
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		(5,967,315)	42,199,609
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		(5,967,315)	42,199,609
Cash and cash equivalent at BEGINNING of the year	10	51,691,678	9,492,069
Cash and cash equivalent at END of the year		45,724,363	51,691,678

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

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

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 4-4-2023 2023 and signed by:



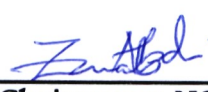
Fund Account Manager

Name: MONICA MWAI



**National Sub-County
Accountant**

**Name: EDWIN OZIGE INDASE
ICPAK M/No: 20457**



**Chairperson NG-CDF
Committee**

Name: ZAINAB ABDI JUMA

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

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

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c%
RECEIPTS						
Transfers from NG-CDF Board	137,088,879	45,518,879	234,299,436	222,210,557	12,088,879	95%
Proceeds from Sale of Assets			-		-	
Other Receipts			6,956,155	6,956,155	-	100%
TOTAL RECEIPTS	137,088,879	45,518,879	241,255,591	229,166,712	12,088,879	95%
PAYMENTS						
Compensation of Employees	2,815,201		4,480,171	3,797,281	682,890	85%
Use of goods and services	9,474,586	743,672	12,665,728	9,463,721	3,202,007	75%
Transfers to Other Government Units	58,100,000	25,660,488	115,787,630	107,507,780	8,279,850	93%
Other grants and transfers	56,699,092	19,114,718	94,542,796	62,673,567	31,869,229	66%
Acquisition of Assets	10,000,000		10,000,000	-	10,000,000	0%
Other Payments			2,086,393	-	2,086,393	0%
Funds pending approval			1,692,872		1,692,872	
TOTAL	137,088,879	45,518,878	241,255,590	183,442,349	57,813,241	76%

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

* Amount of Kshs 57,813,242.00 is composed of cash book balance of Kshs.45,724,363 as at 1st July 2022 and amount of Kshs. 12,088,879 balance owing to board by the constituency for financial year 2020/2021 as at 1st July 2022. Amount Kshs. 3,779,266.00 is composed of amount which was transferred to main account from the PMCs account and Kshs.69,000 Appropriation In Aid.

<i>ITEM</i>	<i>% OF UTILIZATION</i>	<i>COMMENT</i>
Transfers from NGCDF Board	72.78% %	Delay in release of funds from NG - CDF Board
Compensation of Employees	84.76%	Staff Gratuity paid once the contract lapse.
Use of goods and services	74.72%	Delay in release of funds from NG - CDF Board
Transfers to Other Government Units	92.85%	Delay in release of funds from NG - CDF Board
Other grants and transfers	66.29%	Reallocations during the financial year.
Acquisition of Assets	0%	Late approval for construction of NG-CDF Office.

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

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	57,813,242.00
Less undisbursed funds receivable from the Board as at 30 th June 2022	(63,780,557.00)
	(5,967,315.00)
Add Accounts payable	-
Less Accounts Receivable	(-)
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2021/2022	(5,967,315.00)

The Constituency financial statements were approved on 4-4- 2023 and signed by:




Fund Account Manager

Name: MONICA MWAI



National Sub-County Accountant

**Name: EDWIN OZIGE INDASE
ICPAK M/No: 20457**



Chairperson NG-CDF Committee

Name: ZAINAB ABDI JUMA

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

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

Programme/Sub-programme	Original Budget		Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
	2021/2022	Kshs	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
1.0 Administration and Recurrent							
1.1 Compensation of employees	2,815,201		1,664,970		4,480,171	3,797,281	682,890
1.2 Committee allowances	1,128,000		346,500		1,474,500	950,000	524,500
1.3 Use of goods and services	4,233,920		1,676,636	743,672	6,654,228	4,031,921	2,622,307
Total	8,177,121		3,688,106	743,672	12,608,899	8,779,202	3,829,697
2.0 Monitoring and evaluation							
2.1 Capacity building	3,012,666		396,134		3,408,800	3,353,600	55,200
2.2 Committee allowances	1,100,000		28,200		1,128,200	1,128,200	-
2.3 Use of goods and services	-		-		-	-	-
Total	4,112,666		424,334	-	4,537,000	4,481,800	55,200
3.0 Emergency							
3.1 Primary Schools- Mtopanga	400,000				400,000	400,000	-
3.2 Secondary schools							
3.3 Tertiary institutions							
3.4 Security projects							

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

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			
3.5 Unutilised	6,792,207	202,879	1,834,839	8,829,925	775,790.00	8,054,135
Total	7,192,207	202,879	1,834,839	9,229,925	1,175,790.00	8,054,135
4.0 Bursary and Social Security						
4.1 Secondary Schools	30,801,108	6,492,607		37,293,715	36,960,000	333,715
4.2 Tertiary Institutions	14,780,000	484,266		15,264,266	9,780,000	5,484,266
4.3 Social Security	1,200,000	3,000,000		4,200,000	3,936,000	264,000
4.4 Special Needs	1,000,000	1,000,000		2,000,000	-	2,000,000
Total	47,781,108	10,976,873	-	58,757,981	50,676,000	8,081,981
5.0 Sports						
5.10 sports	-		1,600,000	1,600,000	1,596,000	4,000
Total	-	-	1,600,000	1,600,000	1,596,000	4,000
6.0 Environment						
Magogoni Primary School	741,777			741,777	741,777	-
Total						
7.0 Primary Schools Projects						
Kashani Primary	3,500,000			3,500,000	3,500,000	-
Total	3,500,000			3,500,000	3,500,000	-

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

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			
School					3,000,000	-
Mdengerekeni Primary School	2,000,000			2,000,000	2,000,000	-
Magogoni Primary School	14,000,000	24,217,400	13,480,100	51,697,500	44,405,500	7,292,000
Barani Primary School		600,000		600,000	600,000	-
utange Primary School		600,000		600,000	600,000	-
Bamburi Primary School			11,500,000	11,500,000	11,500,000	-
Mwembelegeza Primary School		25,417,400	24,980,100	72,897,500	65,605,500	7,292,000
Total						
8.0 Secondary Schools Projects	8,000,000			8,000,000	8,000,000	-
Shimo la Tewa Secondary School	6,500,000			9,018,280	8,802,280	216,000
Mwembelegeza Secondary School	16,000,000	2,518,280		16,000,000	16,000,000	-
Karisa Maitha Secondary School						
Mtopanga Secondary School	5,100,000			5,100,000	5,100,000	-
Concordia Secondary School		4,091,462	680,388	4,771,850	4,000,000	771,850
Total		6,609,742	680,388	42,890,130	41,902,280	987,850

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

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			
	35,600,000					
9.0 Tertiary institutions Projects				-		-
Total	-			-		-
10.0 Security Projects						
Shanzu Chiefs Office	328,000			328,000	328,000	-
Mtopanga Chiefs Office	328,000	4,000,000		4,328,000	4,328,000	-
Bamburi chief's office	328,000		3,500,000	3,828,000	3,828,000	-
Mjambere Police Station		3,517,841	12,179,879	15,697,720		15,697,720
Education Officer Office		31,393		31,393		31,393
Total	984,000	7,549,234	15,679,879	24,213,113	8,484,000	15,729,113
11.0 Acquisition of assets						
NG-CDF office	10,000,000			10,000,000		10,000,000
Total	10,000,000	-	-	10,000,000	-	10,000,000
12.0 Other payments						
Roads	-			1,439,192		-

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

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			
		1,439,192.00				1,439,192
AIA	-	69,000.00	-	69,000		69,000
Other receipts		578,201	-	578,201		578,201
Total		2,086,393	-	2,086,393	-	2,086,393
13.0 unallocated fund						
Unapproved projects		1,692,872		1,692,872		1,692,872
AIA						
PMC savings						
Total	137,088,879	58,647,832	45,518,879	241,255,590	183,442,349	57,813,241

(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-Kisauni Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Significant Accounting Policies continued

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Significant Accounting Policies continued

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

Significant Accounting Policies continued

6. Cash and Cash 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.

7. Accounts Receivable

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

8. Accounts Payable

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

Significant Accounting Policies continued

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on xx June 20xx 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. B 104727		20,000,000
AIE NO. A 823547		35,086,000
AIE NO. B 104955		6,281,724
AIE NO. B 124565		9,000,000
AIE NO. B 119502		8,500,000
AIE NO. B 096578		12,000,000
AIE NO. B 128145		6,900,000
AIE NO. B 128457		6,000,000
AIE NO. B 132201		6,000,000
AIE NO. B 138869		12,000,000
AIE NO. B 126163		7,000,000
AIE NO. B 105143		7,570,000
AIE NO. B 126457		12,600,000
AIE NO. B 140601		12,000,000
AIE NO. B 104727	33,000,000	
AIE NO. B 105474	44,000,000	
AIE NO. B 105819	22,000,000	
AIE NO. B 128562	5,000,000	
AIE NO. B 128874	12,000,000	
AIE NO. B 154072	12,000,000	
AIE NO. B 164417	19,088,879	
AIE NO. B 155915	13,000,000	
AIE NO. A 895066	430,000	
AIE NO. A 888542	10,000,000	
TOTAL	170,518,879	160,937,724

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XII. Notes to the Financial Statements Continued

2. Proceeds From Sale of Assets

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

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Interest Received		-
Rents		-
Receipts from sale of tender documents		54,000
Hire of plant/equipment/facilities		-
Unutilized funds from PMCs	6,956,155	-
Other Receipts Not Classified Elsewhere		578,201
Total	6,956,155	632,201

Notes to the Financial Statements (Continued)

4. Compensation of Employees

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,139,870	3,166,232
Personal allowances paid as part of salary		
House Allowance	-	-
Transport Allowance	-	-
Leave allowance	-	-
Gratuity to contractual employees	622,611	1,452,798
Employer Contributions Compulsory national social security schemes	34,800	33,200
Total	3,797,281	4,652,230

5. Use of Goods and Services

	2021-2022	2020-2021
	Kshs	Kshs
Office Rent	348,000	348,000
Utilities, supplies and services	348,807	43,500
Communication, supplies and services	285,450	317,478
Domestic travel and subsistence	1,306,600	319,317
Printing, advertising and information supplies & services	174,365	13,900
Training expenses	1,191,000	3,805,100
Hospitality supplies and services	619,700	-
Other committee expenses	2,749,000	1,551,800
Committee allowance	950,000	1,112,000
Insurance costs	-	-
Specialized materials and services	-	57,500
Office and general supplies and services	1,406,799	809,147
Other operating expenses	15,000	-
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	-
Bank service commission and charges	69,000	15,531
Total	9,463,721	8,393,273

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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)	65,605,500	34,643,403
Transfers To Secondary Schools (See Attached List)	41,902,280	19,836,150
Transfers To Tertiary Institutions (See Attached List)		-
Total	107,507,780	54,479,553

7. Other Grants and Other transfers

	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	36,960,000	29,756,500
Bursary – tertiary institutions (see attached list)	9,780,000	11,576,000
Bursary – special schools (see attached list)		-
Mock & CAT (see attached list)		-
Social Security programmes (NHIF)	3,936,000	4,800,000
Security projects (see attached list)	8,484,000	4,500,000
Sports projects (see attached list)	1,596,000	-
Environment projects (see attached list)	741,777	-
Emergency projects (see attached list)	1,175,790	1,212,760
Total	62,673,567	51,845,260

8. Acquisition of Assets

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

Notes to the Financial Statements (Continued)

9. Other Payments

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

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>Co-operative bank of Kenya-Kongowea branch A/C</i>	45,724,362.90	51,691,678
Total	45,724,362.90	51,691,678
10 B: Cash on Hand		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>Specify</i>)	-	-
Total	-	-
<i>[Provide Cash Count Certificates for Each]</i>		

11: Outstanding Imprests

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Name of Officer		-	-	-
Name of Officer		-	-	-
Total				

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

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Notes to the Financial Statement Continued

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)		1,045,187
Gratuity held during the year (B)		260,844
Gratuity paid during the Year (C)		1,045,187
Closing Gratuity as at 30 th June D= A+B-C		260,844

[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	54,328,901	9,492,069
Cash in hand		
Imprest		
Total	54,328,901	9,492,069

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

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

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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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	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
Total	-	-

17.2: Pending Staff Payables (See Annex 2)

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

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	682,890	1,664,970
Use of goods and services	3,202,007	3,244,432
Amounts due to other Government entities (see attached list)	8,279,850	36,104,569
Amounts due to other grants and other transfers (see attached list)	31,837,836	47,549,398
Acquisition of assets	10,000,000	-
Other-Roads	1,439,192	-
Appropriation in Aid [AIA]	69,000	69,000
Funds pending approval	2,271,074	8,578,201
Total	57,781,849	97,210,570

17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	35,667,391	42,798,761
Total	35,667,391	42,798,761

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**Annexes
Annexes: 1 Analysis of Pending Accounts Payable**

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2022 d=a-c	Comments
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				
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
	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	
Compensation of employees		682,890	1,664,970	
Use of goods & services		3,202,007	3,244,432	
Amounts due to other Government entities				
7.1 Barani primary school		7,292,000	17,500,000	
7.2 Kajiweni primary			5,787,718	
8.2 Mwembelegeza rimary school			11,500,001	
8.3 Concordia secondary		771,850	771,850	
8.4 Kashani secondary school			545,000	
Mwembelegeza Secondary School		216,000		
Sub-Total		12,164,747	36,104,569	
Amounts due to other grants and other transfers				
Emergency		8,054,135	7,533,331	
Sports		4,000	1,600,000	
Bursaries secondary		333,715	6,492,607	
Bursaries Tertiary		5,484,266	484,266	
Bursary Special School		2,000,000	1,000,000	
Special security		264,000	3,000,000	
Environment				

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Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
10.1 Roads			1,439,192	
Shanzu Chiefs Office				
Mtopanga Chiefs Office			2,500,000	
Maunguja Chiefs Office			3,500,000	
Mjambere police station		15,697,720	20,000,000	
Education office		31,393		
Sub-Total		31,869,289	47,549,398	
Acquisition of assets		10,000,000		
Others (<i>specify</i>)				
Appropriation in Aid		69,000	69,000	
Roads		1,439,192		
Other receipts		578,201	578,201	
Sub-Total				
Funds pending approval		1,692,872		
NG-CDF office			8,000,000	
Grand Total		57,813,241	97,210,570	

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Annex 4 – Summary of Fixed Asset Register

Asset class	*RE- ENSTATED		*RE- ENSTATED	
	Historical Cost (Kshs) 2020/21	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2021/22
Land	-			-
Buildings and structures	-			-
Transport equipment	-			-
Office equipment, furniture and fittings	-			-
ICT Equipment, Software and Other ICT Assets	1,177,195			1,177,195
Other Machinery and Equipment	347,960			347,960
Heritage and cultural assets	-			-
Intangible assets	-			-
Total	1,525,155			1,525,155

*Kshs. 17,000,000 has been re-estimated because the land belongs to Magogoni Primary School. It had been captured in our financial statement because the payment was made from the main NG CDF Kisauni Account and not Project account and since the school could not be registered since there was no infrastructure, the title was under NG –CDF Kisauni name on behalf of Magogoni, However we had handed over the title to the Head teacher after the school was registered to follow up on the transfer of the same.

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

PMC	Bank	Account number	Bank Balance	
			2021/22	2020/21
Concordia Primary School	KCB	1137249080.00	10,513.00	10,513.05
Junda Dispensary	KCB	1106506685.00	61,958.80	61,958.00
Mjambere /Junda Drainage	KCB	1117174794.00	23,257.00	23,257.00
School Desks and Chairs	KCB	1117915581.00		6,497.70
Shimo la tewa Secondary school	KCB	1106507444.00	503,511.35	503,711.35
Urban Mast Lighting-KCDF	KCB	1121813360.00		981,459.45
Voroni water tank	KCB	1131502116.00	35,939.55	35,939.55
BARAKA PRIMARY SCHOOL (VORONI)	CO-OPERATIVE	1141548845100.00	313,649.00	314,249
MAJAONI PRIMARY SCHOOL	CO-OPERATIVE	114157738000.00	87,163.65	87,763.65
MTOPANGA PRIMARY SCHOOL	CO-OPERATIVE	1141577380100.00	102,589.65	274,592.65
CONCORDIA PRIMARY SCHOOL	CO-OPERATIVE	1141548847800.00	14,491.00	15,091
KIEMBENI ESTATE PRIMARY SCHOOL	CO-OPERATIVE	1129577451400.00	416,128.90	421,090
CONCORDIA SECONDARY	CO-OPERATIVE	1141548844400.00	4,451,754.00	7,039,267
MAGOGONI PRIMARY SCHOOL	CO-OPERATIVE	1141548951100.00	3,217,419.00	10,284,942
MWEMBELEGEZA SECONDARY SCHOOL	CO-OPERATIVE	1141548913600.00	4,682,545.00	5,222,895
MARIMANI SECONDARY SCHOOL	CO-OPERATIVE	1129577451500.00	230,754.50	1,086,951.50
KISAUNI NGCDF MDENGEREKENI PRI SCH PROJ	CO-OPERATIVE	1141548336900.00		374,747
KASHANI SECONDARY	CO-OPERATIVE	1141548848200.00	633,361.00	634,561
MARIMANI PRIMARY SCHOOL	CO-OPERATIVE	1141548872700.00	14,196.00	14,916
HASSAN JOHO GIRLS SECONDARY SCHOOL	CO-OPERATIVE	1141548855500.00	954,921.00	1,352,781
MAUNGUJA PRIMARY SCHOOL	CO-OPERATIVE	1139044024802.00	1,683.75	240,647
BARANI PRIMARY SCHOOL	CO-OPERATIVE	1141548922200.00	19,897,149.00	7,847,049
MWAKIRUNGE SECONDARY SCHOOL	CO-OPERATIVE	1141548762100.00	14,406.00	700,000
KAJIWENI PRIMARY SCHOOL	CO-OPERATIVE	1141548930500.00		5,263,882
Total			35,667,391	42,798,761

**Kisauni Constituency
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Annex 6: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
MSA/NGCDF-KISAUNI/2019/2020(9)	The statement reflects bank balance in eleven closed project management committees totalling to Kshs. 939,890 that has not been refunded to the main account. This is contrary to section 12 (8) of NGCDF Act, 2015 which states that all unutilized funds of PMCS shall be transferred to the constituency account.	The management has been able to refund some of the funds and is still following up with the Deputy Count Commissioner on the others who can't be traced.	Partly Resolved	May 2023

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 NAME: MONICA MWAI
 FUND ACCOUNT MANAGER