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REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

13TH PARLIAMENT – FOURTH SESSION

.....

**ELEVENTH REPORT OF THE DECENTRALIZED FUNDS ACCOUNTS COMMITTEE
(DFAC)**

ON ITS EXAMINATION OF THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS FOR THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) FOR WEST MUGIRANGO, BOBASI, AWENDO, NORTH IMENTI, KIRINYAGA CENTRAL, SOUTH MUGIRANGO, UGENYA, KIENI, KIIPIRI, BUDALANGI AND KIHARU CONSTITUENCIES FOR THE FINANCIAL YEARS 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 AND 2021/2022

	
THE NATIONAL ASSEMBLY PAPERS LAID	
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The National Assembly
Parliament of Kenya
NAIROBI

DECEMBER, 2025

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ANNEXURES

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ABBREVIATIONS AND ACRONYMS

BOQ/BQ	Bill of Quantities
CoK	Constitution of Kenya, 2010
FAM	Fund Account Manager
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
MDA	Ministries, Departments and Agencies
MP	Member of Parliament
NG-CDF	National Government Constituencies Development Fund
PMC	Project Management Committee
NG-CDFC	National Government Constituencies Development Fund Committee
PSASB	Public Sector Accounting Standards Board
OAG	Office of the Auditor General
EACC	Ethics and Anti-Corruption Commission
PFM	Public Finance Management
AIE	Authority to Incur Expenditure
WRMA	Water Resources Management Authority
NEMA	National Environment Management Authority
EIA	Environmental Impact Assessment

CHAIRPERSON'S FOREWORD

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

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

In examining the Accounts of the Auditor General, the Committee invited the Chief Executive Officer of the National Government Constituencies Development Fund, being the Accounting Officer of the NG-CDF, as provided under Section 67 (1) of the PFM Act, Cap.412A.

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

This report therefore contains observations, findings and recommendations arising from examination of ninety-nine (99) reports of the Auditor General for the National Government Constituencies Development Fund (NG-CDF) for West Mugirango, Bobasi, Awendo, North Imenti, Kirinyaga Central, South Mugirango, Kiharu Ugenya, Kieni, Kipipiri and Budalangi Constituencies for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2017/2019, 2019/2020, 2020/2021 and 2021/2022.

The Committee appreciates the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it during consideration of these reports. The Committee further extends its appreciation to the Offices of the Auditor General and the National Treasury for the technical support and liaison services they offered during the entire period.

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

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

On behalf of the Decentralized Funds Account Committee, and pursuant to Standing Order 199(6), it is my pleasant duty and honor to present to this House the report on audited financial statements for the National Government Constituencies Development Fund for **West Mugirango (Nyamira County), Bobasi (Kisii County), Awendo (Migori County), North Imenti Constituency (Meru County), Kirinyaga Central (Kirinyaga County), South Mugirango (Kisii County), Kiharu Constituency (Murang'a County) Ugenya Constituency (Siaya County), Kieni Constituency (Nyeri County), Kipipiri Constituency (Nyandarua County) and Budalangi Constituency (Busia County)** for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2017/2019, 2019/2020, 2020/2021 and 2021/2022.



HON. DR. GIDEON MULYUNGI, CBS, EBS, MP

CHAIRPERSON, DECENTRALIZED FUNDS ACCOUNTS COMMITTEE

EXECUTIVE SUMMARY

The Eleventh Report of the Decentralized Funds Account Committee contains the Committee's examination of audited financial statements of the National Government Constituencies Development Fund for **West Mugirango (Nyamira County), Bobasi (Kisii County), Awendo (Migori County), North Imenti Constituency (Meru County), Kirinyaga Central (Kirinyaga County), South Mugirango (Kisii County), Kiharu Constituency (Murang'a County), Ugenya Constituency (Siaya County), Kieni Constituency (Nyeri County), Kipipiri Constituency (Nyandarua County) and Budalangi Constituency (Busia County)** for the Financial Years **2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2017/2019, 2019/2020, 2020/2021 and 2021/2022.**

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

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

Chapter one, which is the preface of the report, contains preliminaries on the establishment of the Committee, its membership and secretariat, mandate, and the guiding principles governing the Committee in the discharge of its mandate and its recommendations.

Chapter two of the report contains the general observations/ findings on cross-cutting issues and the specific recommendations.

Chapter three of the report contains the examination of reports of each specific constituency, the specific audit reservations raised by the Office of the Auditor General, management response to each audit query by the Fund Account Managers, Committee observations after consideration of the respective audit reservations and lastly Committee recommendations on each audit query.

The Report underscores the importance of transparency and accountability in the management of the NG-CDF. Following the examination of the financial statements and engagement with the Fund Accounts Managers, the Committee has identified critical areas for improvement and has provided actionable recommendations aimed at enhancing compliance with established financial management principles.

By addressing the audit queries and implementing the recommended remedies, West Mugirango, Bobasi, Awendo, North Imenti, Kirinyaga Central, South Mugirango, Kiharu, Ugenya, Kieni, Kipipiri and Budalangi Constituencies can enhance trust and efficiency in the utilization of public funds, thus contributing to the development objectives of their regions.

CHAPTER ONE

1. PREFACE

1.1 Establishment and mandate of the Committee

1. The Decentralized Funds Accounts Committee is a Select Committee established pursuant to the National Assembly Standing Orders 205B and is responsible for the examination of the reports of the Auditor-General on the accounts of:
 - i. The National Government Constituencies Development Fund
 - ii. The National Government Constituencies Development Fund Board
 - iii. The National Government Affirmative Action Fund
 - iv. The National Government Affirmative Action Fund Board.

1.2 Guiding Principles

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

1.2.1 Chapter Twelve of the Constitution on Public Finance

Part 1- Principles on Public Finance

3. **Article 201** provides for the fundamental principles that “...shall guide all aspects of public finance in the Republic...” These principles are, inter alia:
 - (i) 201(a) there shall be openness and accountability, including public participation in financial matters.
 - (ii) 201(d) public money shall be used in a prudent and responsible way; and
 - (iii) 201(e) financial management shall be responsible, and fiscal reporting shall be clear.

Part 6 – Control of public Money

4. **Article 226** deals with the accounts and audit of public entities and provides that:
 - (i) the accounting officer of a national public entity is accountable to the National Assembly for its financial management (Article 226(2)); and
 - (ii) the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not (Article 226(5)); and
5. **Article 227** deals with the procurement of public goods and services. Article 227 (1) in particular, provides that “when a State organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive, and cost-effective”.

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

1.2.2 Obligations of Accounting Officers

7. The Public Finance Management Act, Cap.412A:

8. **Section 68** sets out the responsibilities of accounting officers for national government entities, Parliament and the Judiciary. This includes accountability to the National Assembly for ensuring that the resources of the respective entity for which he or she is the accounting officer are used a lawful, authorized, effective, efficient, economical and transparent manner (section 68(1)).

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

10. It is on this basis that each Fund Account Manager being the Accounting Officer of the NGCDF is held directly and personally liable for any loss of public funds under their watch. This provision obligated Fund Account Managers as accounting officers in the constituencies to appear before the Committee to respond to audit queries raised by the Auditor-General.

1.2.3 National Government Constituencies Development Fund (NG-CDF)

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

12. In a bid to align the CDF with the Constitution of Kenya, 2010, Parliament passed the National Government Constituencies Development Fund (NG-CDF) Act, 2015.

13. The NG-CDF is a national fund that comprises of monies of an amount of not less than 2.5% of all the national government's share of revenue as divided by the annual Division of Revenue Act enacted pursuant to Article 218 of the Constitution.

14. Apart from the above-named laws, the Committee was further guided by the following: -

- (i) the Parliamentary Powers and Privileges Act, Cap.6;
- (ii) the Public Finance Management (National Government) Regulations, 2015;
- (iii) the Public Procurement and Asset Disposal Act, Cap.412C;
- (iv) the Public Procurement and Asset Disposal Regulations, 2020;
- (v) the Public Audit Act, Cap.412B;
- (vi) the Fair Administrative Action Act, Cap.7L;

- (vii) the National Government Constituencies Development Fund (NG-CDF) Act, Cap.414A;
- (viii) the National Government Constituency Development Regulations, 2016;
- (ix) the Accountants Act, Cap.531;
- (x) the Public Finance Management (National Government Affirmative Action Fund) Regulations, 2016;
- (xi) the National Assembly Standing Orders;
- (xii) the Constitution of Kenya, 2010.

1.3 Committee Membership

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

Chairperson

Hon. Dr. (Arch) Gideon Mutemi Mulyungi, CBS, EBS, M.P.
Member for Mwingi Central Constituency

Wiper Patriotic Front

Vice-Chairperson

Hon. Gertrude Mwanyanje Mbeyu, M.P.
Member for Kilifi Constituency

Orange Democratic Movement

Hon. Kilel Richard Cheruiyot, M.P.
Member for Bomet Central Constituency

United Democratic Alliance

Hon. Mboni David Mwalika, M.P.
Member for Kitui Rural Constituency

Wiper Patriotic Front

Hon. Kahangara Joseph Mburu, M.P.
Member for Lari Constituency

United Democratic Alliance

Hon. Momanyi Innocent Obiri, M.P.
Member for Bobasi Constituency

Wiper Patriotic Front

Hon. Caroline Jeptoo Ng'elechei, M.P.
Member for Elgeyo Marakwet Constituency

Independent Member

Hon. Barre Hussein Abdi, M.P.
Member for Tarbaj Constituency

United Democratic Alliance

Hon. Mogaka Stephen, M.P.
Member for West Mugirango Constituency

Jubilee Party

Hon. Dorothy Muthoni Ikiara, M.P.
Nominated Member

United Democratic Alliance

Hon. Wanyonyi Martin Pepela, M.P.
Member for Webuye East Constituency

Ford Kenya

Hon. James Onyango K'Oyoo, M.P.
Member for Homabay Constituency

Orange Democratic Movement

Hon. Lentoijoni Jackson Lekumontare, M.P.
Member for Samburu East Constituency

KANU

Hon. Guyo Adhe Wario, M.P.
Member for North Horr Constituency

KANU

Hon. Kipngor Reuben Kiborek, M.P.
Member for Mogotio Constituency

United Democratic Alliance

1.4 Committee Secretariat

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

Mr. Ahmad Guliye
Clerk Assistant I/Lead Clerk

Mr. John Mutinda
Clerk Assistant III

Ms. Sharon Koskei
Clerk Assistant III

Mr. Mabuti Mutua
Legal Counsel II

Ms. Elizabeth Kibati
Research Officer III

Mr. Wilson Mwangi
Fiscal Analyst II

Ms. Winifred Kiziah
Media Relations Officer I

Mr. Eric Ogolo
Protocol Officer I

Mr. Wilson Angatangoria
Serjeant-at-Arms II

Mr. Muchiri Mwangi
Audio Officer III

CHAPTER TWO

2. GENERAL OBSERVATIONS AND RECOMMENDATIONS

17. In consideration of the reports of the Auditor General, the Committee encountered cross-cutting and at times persistent matters that informed the following general observations and recommendations, which cut across **West Mugirango, Bobasi, Awendo, North Imenti, Kirinyaga Central, South Mugirango, Kiharu, Ugenya, Kieni, Kipipiri and Budalangi Constituencies.**

2.1 Presentation and accuracy of financial statements

Committee Observation

18. The Committee observed that:

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

Committee Recommendations

19. The Committee recommends that:

- a) **The Accounting Officer should at all times ensure Fund Account Managers comply with the International Public Sector Accounting Standards (IPSAS) framework in the preparation of financial statements;**
- b) **The Accounting Officer, in consultation with the Public Sector Accounting Standards Board (PSASB) should regularly conduct continuous capacity building on financial reporting standards for constituency staff.**

2.2 Delay in Exchequer Releases

Committee Observation

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

Committee Recommendation

21. **The National Treasury should at all times ensure timely and adequate disbursement of funds to the National Government Constituencies Development Fund Board for immediate release to the Constituencies for implementation of approved and budgeted projects.**

2.3 Reallocation and use of Emergency Funds

Committee Observation

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

Committee Recommendation

23. **The National Government Constituencies Development Fund Board should at all times ensure that the Fund Account Managers comply with provisions of Sections 6(2) and Section 8(1)(2)(3) of the National Government Constituencies Development Fund Act, Cap. 414A.**

2.4 Pending Ongoing and Stalled Projects

Committee Observation

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

Committee Recommendations

25. The Committee Recommends that:

- (i) The Accounting Officer should at all times discourage the partial allocation of funds to projects and ensure that projects are completed at most within two financial years. Further, the NG-CDF Committee should at all times ensure proper costing of projects is done through consultation with the relevant Government departments to ensure realistic cost estimates.**
- (ii) Within three months (3) upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, Cap. 412B, the Accounting Officer should develop and submit to the National Assembly, guidelines for costing of projects for constituencies, which is informed by the cost of materials, cost of transportation, taxes, the topography of each constituency and reports from the relevant Government departments.**
- (iii) The Accounting Officer should at all times ensure Fund Account Managers adhere to Section 46 (2) of the NG-CDF Act, Cap. 414A.**
- (iv) The Accounting Officer should at all times ensure that Fund Account Managers submit status reports of ongoing projects during submission of project proposals. This should form the basis of project approvals by the NGCDF Board in order to minimize instances of stalled, incomplete projects and for prioritization of ongoing projects.**

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

Committee Observations

26. The Committee observed that:

- (i) Fund Account Managers did not avail complete, reconciled financial, accounting records and supporting documentation in time for audit review and verification during the audit exercise, contrary to the provisions of Article 229 of the Constitution of Kenya, 2010 and Section 68(2) of the PFM Act, Cap. 412A which requires that the financial and accounting records are presented within three (3) months after the close of the financial year and Section 62 of the Public Audit Act of Cap.412B which obligates Accounting Officers to provide required documents for audit failure to which they be sanctioned. The documents not availed for audit included cash books, bank statements, payment vouchers, project completion certificates, bank reconciliation statements, Project Implementation Status reports, procurement records, Bills of Quantities (BQs) and Project Management Committee (PMCs) records.
- (ii) Consequently, most of the audit queries that were raised during consideration of financial statements for the eleven (11) Constituencies examined, would have been addressed had the documents been provided during the audit cycle.

Committee Recommendations

27. The Committee recommends that:

- a) **the Accounting Officer to at all times ensure that Fund Account Managers comply with the provisions of Sections 62 (1) (b) and (c) of the Public Audit Act Cap. 412B.**
- b) **the Accounting Officer should at all times ensure that Fund Account Managers maintain the original Project Management Committee files at the NG-CDF office, while the duplicate be maintained by the Project Management Committees at the project's site to ensure that documents are always available at the time of audit.**
- c) **The Accounting Officer should ensure Constituency Committees employ qualified accountants for the Constituency Offices beginning FY 2026/27 within the 6% administrative allocation to the NG-CDFC. This will strengthen the maintenance of books of accounts and, preparation of financial statements.**

2.6 Capacity building of Fund Account Managers

Committee Observation

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

Committee Recommendations

29. The Committee recommends that:

- a) **The Accounting Officer should at all times conduct continuous capacity building on financial reporting standards, record keeping and other necessary training for the Fund Account Managers, Project Management Committees (PMC) and other NG-CDF Constituency staff.**
- b) **The Accounting Officer should at all times strengthen the link between the Board, the Office of the Auditor General and the Fund Account Managers, particularly regarding the timely response to audit queries.**

2.7 Unresolved Prior Year Matters

Committee Observation

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

Committee Recommendations

31. The Committee recommends that:

- a) **The Accounting Officer should at all times ensure Fund Account Managers adhere to Section 68 (2) (l) of the PFM Act, Cap.412A.**
- b) **The Accounting Officer should at all times ensure Fund Account Managers comply with the reporting template provided by the Public Sector Accounting Standards Board on prior year and provide follow up reports to the Office of the Auditor General in the subsequent audit cycle.**

2.8 Failure by PMCs to maintain project records

Committee Observation

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

Committee Recommendations

- 33.** **The Accounting Officer should at all times ensure that proper records of each project which includes, project returns, tender documents, payment vouchers, completion certificates, bill of quantities, project designs, contracts, project minutes, bank balances and procurement documents are maintained by the PMCs and original file maintained by the Fund Account Managers.**

2.9 Non-compliance with procurement laws.

Committee Observation

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

Committee Recommendations

35. The Committee recommends that:
- a) **The Accounting Officer, in consultation with the Public Procurement Regulatory Authority (PPRA), should at all times conduct continuous capacity building to all Fund Account Managers on procurement laws and regulations.**
 - b) **The Accounting Officer should at all times ensure that:**
 - (i) **The Fund Account Managers conduct regular capacity building for Project Management Committees on procurement to enhance compliance with the Public Procurement and Asset Disposal Act, Cap. 412C and its regulations.**
 - (ii) **The Fund Account Managers and Project Management Committees comply with the provisions of Part IX, Section 91 to 114 of the Public Procurement and Asset Disposal Act, Cap. 412C.**

2.10 Handover Process

Committee Observation

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

Committee Recommendations

37. **The Accounting Officer should at all times ensure there is a structured handover process whereby a witness (the Regional Coordinator or a representative from the Board) should be present to oversight the handover. The handover report should also include unresolved prior year matters that have been raised by the Office of the Auditor General.**

2.11 Ongoing Investigations by EACC

Committee Observation

38. The Committee observed that certain documents in Budalangi Constituency were not provided for audit review, as they were subject to ongoing investigations by the Ethics and Anti-

Corruption Commission (EACC) concerning allegations of graft between 2007 and 2017. This affected the resolution of the audit queries.

Committee Recommendation

- 39. The Committee recommends that, in order to expedite the resolution of outstanding audit matters, the Accounting Officer to follow up on the status of the investigations and submit a comprehensive status report to the National Assembly within three months upon adoption of this Report.**

2.12 Outstanding Land Issues

Committee Observation

- 40. The Committee observed that during the period under review, West Mugaringo, Kiharu, and Awendo Constituencies faced unresolved land matters specifically the acquisition of the title deeds for the land purchased.**

Committee Recommendations

- 41. The Committee recommends that the Accounting Officer should within three (3) months upon the adoption of this report ensure that the Fund Account Managers, NG-CDFCs and Project Management Committees have been guided as follows:**
- a) Where land is under succession, the Accounting Officer should guide the respective Fund Account Managers and PMC on the succession process;**
 - b) Where transfers are pending, the respective Fund Account Managers and PMCs are advised on the land transfer processes and guided to collaborate with the Accounting Officer to facilitate expeditious processing of the title documents for the institutions affected.**
 - c) The Accounting Officer should establish a policy on the procedure of buying land and adhere to Section 11 (1) (k) of the National Government Constituency Development Fund Regulations 2016.**
 - d) The Accounting Officer should ensure that the PMC's give priority to purchase land in areas where there are clear ownership documents especially where land adjudication has been done.**
 - e) That within three months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, Cap. 412B, the Fund Account Managers should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency concerning**

misplaced title deeds, delayed title deeds processing, succession, transfer and ownership, and:

- f) The Accounting Officer should upon receipt of the progress reports relating to land ownership, follow up with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

CHAPTER THREE

3. EXAMINATION OF REPORTS ON THE AUDITED ACCOUNTS FOR WEST MUGIRANGO, BOBASI, AWENDO, NORTH IMENTI, KIRINYAGA, SOUTH MUGIRANGO, KIHARU, UGENYA, KIENI, KIPIPIRI AND BUDALANGI CONSTITUENCIES FOR THE FINANCIAL YEARS 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 AND 2021/2022

42. The Committee examined ninety - nine (99) reports of the Auditor General for the NG-CDF for Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 for the following six (6) Constituencies:

- 1) West Mugirango Constituency
- 2) Bobasi Constituency
- 3) Awendo Constituency
- 4) North Imenti Constituency
- 5) Kirinyaga Central Constituency
- 6) South Mugirango Constituency
- 7) Kiharu Constituency
- 8) Ugenya Constituency
- 9) Kieni Constituency
- 10) Kipipiri Constituency
- 11) Budalangi Constituency

3.1 WEST MUGIRANGO CONSTITUENCY

43. The Fund Account Manager for **West Mugirango Constituency** appeared before the Committee on Tuesday, 7th May 2024 tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows:

3.1.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Cash and cash equivalents

44. The cash and cash equivalents balance of Kshs.45,519,408 as at 30th June 2014 comprised of balances of Kshs.23,159,243 and outstanding imprests totaling Kshs.22,360,165. Records availed for audit verification revealed that the bank balance of Kshs.23, 159,243 excluded unrepresented stale cheques totaling Kshs.4, 331,685. Further the outstanding imprests as at the same date included impress totaling Kshs.18,714,165 relating to the year 2012/2013 which had not been surrendered/or accounted for as at June 2014.

Management Response

45. The Fund Account Manager submitted that Ksh.23, 159,243 was the cash book closing balance as at 30th June 2014. Ksh.4,331,685 were unrepresented cheques as per the reconciliation statement. The stale cheques were later reversed and replaced. Kshs.22,360,165 was

outstanding imprest as at 30th June 2014 from which Kshs.18,714,165 related to the previous financial year.

Committee Observation

46. The Committee observed that the outstanding imprest of Kshs.18,714,165 was later surrendered and accounted for thereby addressing the query.

2. Comparative figures

47. The statements of financial assets reflect a fund balance brought forward of Kshs.19, 787,216. This fund balance relates to the constituency development fund's activities prior to the year underway review. Its accuracy could not be confirmed because the comparative figures for the year 2013/2014 have not been included in these financial statements.

Management Response

48. The Fund Account Manager submitted that Kshs.19,787,216 was the opening cashbook balance for financial year 2013/2014. The constituency did not have comparative figures since it was the first time to prepare the financial statements.

Committee Observation

49. The Committee expressed satisfaction with the response and supporting evidence presented, thereby the query was addressed.

3.1.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1. Summary Statement of Appropriation

50. The final total budget is indicated as Kshs.240, 769,997 which differs from the approved budget figure of Kshs.117, 760,046 as per the National Government Constituency Development Board records. The statement does not also include the budgeted and actual receipts. From the foregoing, the accuracy of the financial statements of the Fund for the year ended 30th June 2015 could not be confirmed.

Management Response

51. The Fund Account Manager submitted that Kshs.240,769,997 represents; Kshs.119,760,046 allocation for the constituency for financial year 2014/2015, Kshs.97,850,708 are monies from the previous financial years that had not been disbursed to the constituency in those years and Kshs.23,159,243 which was the opening cash book balance as at 1st July 2014. Kshs240, 769,997 therefore represents the budgeted actual receipts for the financial year under review.

Committee Observation

52. The Committee observed that statement of appropriation was not availed for audit review. The query was not addressed.

Committee Recommendation

- 53. Within three (3) months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the statement of appropriation to the National Assembly.**

2. Financial Assets

- 54.** The total financial assets as at 30 June 2015 indicates Kshs.48,238,706. This comprises of bank of bank balances amounting to Kshs.28,451,490 and outstanding imprests of Kshs.19,787,216. The following were noted.

2.1 Bank Balances

- 55.** Included in bank balances of Kshs.28,451,490 are unpresented cheques totalling Kshs.20,005,812 out of which Kshs.459,509 worth cheques were more than six months old and had become stale. These cheques had neither been replaced nor reversed in the cash book. In addition, the bank reconciliation as at 30 June 2015, includes receipts amounting to 2,610,747 details of which have not been provided by management of audit review.

Management Response

- 56.** The Fund Account Manager submitted that Kshs.459,509 were stale cheques as at 30th June 2015, the cheques had not been reversed as the sub county treasury awaited the Committee resolutions to replace the cheques and to whom to be issued to which was latter availed and the cheques reversed and replaced. A cash book extract showing the reversed cheques is attached. Kshs.2,610,747 was a payment made in the bank via a banker's cheque for an unpaid bill via a court order. The bank statement and legal demand is attached.

Committee Observation

- 57. The Committee observed that the bank statement and legal demand were availed for audit verification. The query was adequately addressed.**

2.2 Outstanding Imprest

- 58.** Included in the total financial assets as at 30 June 2015 are outstanding imprests totalling to Kshs.19,787,216 which contravened the regulations governing issuance and surrender of imprests that had not been surrendered or accounted by the end of the year. In addition, management has not provided a list of officers with outstanding imprests. Note no. 10 to the accounts does not also support the outstanding imprest figure of Kshs.19,787,216. Under the circumstances, the accuracy of cash and cash equivalents figure of Kshs.48,238,706 as at 30 June 2015 could not be confirmed.

Management Response

- 59.** The Fund Account Manager submitted that Kshs.19,787,216 represents outstanding imprest taken by officers to facilitate various activities within the constituency. Part of this imprest

which was for the previous period of Kshs18,714,165.00 has been surrendered under. The balance of Kshs.1,073,051.00 is surrendered.

Committee Observation

60. The Committee observed that the vouchers were surrendered and verified by the Office of the Auditor General. The query was adequately addressed.

3. Other Grants and Transfers

61. The statement of receipts and payments indicates other grants and transfers as Kshs62, 461,104 for the year ended 30 June 2015. However, adjustments totaling Kshs.7, 232,269 included in the above figure have not been supported with approved journal vouchers and relevant documents. Further the items that make up other grants and transfers as per no.6 to the accounts total Kshs.61,461,104 and not Kshs.62,461,104 as indicated. From the foregoing, the accuracy of other grants of Kshs.62, 461,104 could not be confirmed.

Management Response

62. The Fund Account Manager submitted that Kshs.62,461,104 represents the expenditure under other grants and transfers for the year. There was an under cast by Kshs.1,000,000 under security projects.

Committee Observation

63. The Committee observed that the schedule in support of the expenditure was availed for audit review. The Committee observed that the query was adequately addressed.

Other Matter

4. Budget performance Analysis

Budget (Kshs.)	117,760,046
Actual (Kshs.)	147,045,414
Variation (Kshs.)	-29,285,368
Level of Absorption %	125%

64. The actual total payments exceeded the budget amounts because part of the funds not utilized in the previous year was disbursed to projects in the current year.

Management Response

65. The Fund Account Manager submitted that the over expenditure of 125% is as a result of receipts of funds from the previous years had not been captured by the auditor in his analysis.

Committee Observation

66. The Committee observed that the query was adequately addressed.

5. Revenue

67. The Constituency Development Fund received Kshs.149,764,715 against a budgeted amount of Kshs.117,760,046. The funds were disbursed as follows:

Date	Disbursements for	Amount Kshs.
28-Aug-14	2012/2013	24,535,867.50
9-Oct-14	2013/2014	17,629,023.00
12-May-15	2014/2015	29,940,011.50
14-Apr-15	2014/2015	29,940,011.50
11-Feb-15	2013/2014	41,488,923.00
17-Oct-14	2013/2014	6,230,878.00
TOTAL		149,764,714.50

68. From the above table, it is evident that funds are not normally disbursed on time. During the year, there were receipts relating to the 2012/2013 and 2013/2014 financial years. The CDF board should ensure funds are released on time to ensure all projects are funded by the end of the year.

Management Response

69. The Fund Account Manager submitted that the delay in disbursement of funds is due to the late release of funds by the ex-chequer.

Committee Observation

70. The Committee observed that the query was adequately addressed.

6. Projects

(i) Nyaigesa Youth Polytechnic

71. The project proposal for the year 2014/2015 financial year had approved a disbursement of Kshs.800,000 for the completion of a hall, walling, roofing and electrical works at Nyaigesa Youth Polytechnic. A field inspection of the project shows that the structure has been constructed up to lintel level. However, it was visible that work was not done to the standard. The ring beams and the lintel was not filled compact with mortar. The building appears weak and possibility that it may not carry the roof once it is completed. There are no records from the clerks of works or even inspector of buildings to show that supervision was being done as required.

Management Response

72. The Fund Account Manager submitted that Kshs.800,000 was disbursed to the project management Committee for the construction of a hall, however during the time of audit the area had experienced heavy rainfall which affected the building. The project management Committee through consultation of the public works repaired the works though the county Government came in mid-way and took over the building and expanded it and its complete and in use.

Committee Observation

73. **The Committee observed that the query was adequately addressed.**

(ii) St. Teresa (Bugo) Secondary School

74. The project proposal for the 2014/2015 financial year had approved a disbursement of Kshs.800,000 for completion of a hall, walling, roofing and electrical works at Nyaigesa Youth Polytechnic. A field inspection of the project shows that the structure has been constructed up to the lintel level.
75. However, it was visible that the work was not done up to standard. The ring beam and the lintel was not filled compact with mortar. The building appears very weak and a possibility that it may not carry the roof once it is complete. There are no records from the clerks of works or even inspector of buildings show that supervision was being done as required.

Management Response

76. The Fund Account Manager submitted that, there were delays by the contractor to complete the works as he had travelled out of the country. The project works were undertaken to completion. Flush doors instead of metal doors were fixed through advice from the Ministry of education. It is also important to note that the BQ of the project was done in 2003 and prices of items have gone high. Records for progress are available in office for review.

Committee Observation

77. **The Committee observed that the photos and completion certificates for the project were availed to the Office of the Auditor General for review. The query was adequately addressed**

(iii) Unaccounted for environment projects

78. A total of Kshs.400,000 was disbursed to five [5] schools at a rate of Kshs.80, 000 each. The funds were for the purchase and planting of trees seedlings in the selected schools. Our field inspection one of the schools - Charles Lwanga-Nyansabakwa Secondary School on 16.01.2016 revealed that no tree seedlings were planted despite the management of the school having acknowledged receipt of the funds. In the circumstances, the effective use of the Kshs.400,000 transferred to the schools could not be confirmed.

Management Response

79. The Fund Account Manager submitted that the former principal who had started the plans to plant tree seedlings passed on and this affected the implementation of the project. The trees were later planted.

Committee Observation

80. **The Committee noted that the Management reported the passing of the former principal, who had initiated plans to plant tree seedlings. This development adversely affected the timely implementation of the project. Nevertheless, the trees were subsequently planted. The query was therefore addressed.**

(iv) Electricity Installation

81. A contractor, Samnic General Construction and General Supplies Ltd was paid Kshs.1,600,000 on 22.12.2014 for wiring and installation of electricity in 4 primary schools and one secondary school in the constituency. The documents on how the tender was advertised, evaluated and awarded were not availed. Furthermore, our visit to one of the primary schools on 17.01.2016 (Gianchore Primary School) revealed that no work had been done in the school. From foregoing we could not confirm that the Kshs.1,600,000 paid out for the said works has not been accounted.

Management Response

82. The Fund Account Manager submitted that the tender documents for the award of the project were done with the project management Committee and the documents were later retrieved and availed to the auditors for review. The institutions which were earmarked for electrification as per the approved budget were Rateti Sec School, Bomondo Pri School, Nyainogu Primary School, Kiambere Primary School, Nyantaro Primary School and Gianchore Primary School and works are now complete.

Committee Observation

83. **The Committee observed that the completion certificate and pictures of works were availed for audit review. The query was adequately addressed.**

7. Purchase of a motor vehicle

84. During the year West Mugirango Constituency Development Fund acquired a motor vehicle from Toyota Kenya for Kshs.4,964,800. The following anomalies were noted from the purchase; 1) the local purchase order (LPO) was done before the quotations were received and evaluated. The LPO is dated 24/11/2014 while the quotation from Toyota Kenya is dated 26/11/2014. The tender Committee meeting approving the purchase was held on 26/11/2015. 11) The fund relied on prices quoted on a letter of acceptance to Toyota Kenya from supplies branch-Ministry of Land, Housing and Urban Development Dated 14/11/2014. The contract between the Ministry and Toyota Kenya had not been signed. 111) The fund's tender Committee selected Toyota Kenya 's Land cruiser pick-up without giving other possible

suppliers a chance to quote for similar vehicle. Thus, a clear bias for Toyota Kenya from the foregoing, the Fund did not comply with the Public Procurement and Disposal Act 2006, regulations and requirements in the purchase of the vehicle.

Management Response

85. The Fund Account Manager submitted that the constituency used the government contract with Toyota Kenya which is used for purchase of the motor vehicle. The purchase of the Land cruiser pickup was approved by the Board and the code list has been availed to the auditors for review.
86. Date of LPO is 26.11.2014 and not 24.11.2014 as stated. The tender Committee meeting was on 26.11.2014 and not 2015. November 2015 is outside the year of review as you have stated. See attached contract between Toyota Kenya and Ministry of Land, Housing and Urban Development effective from 15.08.2014 and LPO Copy. The NGCDF Committee was in possession of an acceptance letter from the Ministry of Land Housing and Urban Development for supply of motor vehicles.

Committee Observation

87. The Committee observed that the management did not provide the signed acceptance letter from the PS. The query was not addressed.

Committee Recommendation

88. Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the signed acceptance letter from the PS to the National Assembly.

3.1.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1. Transfers from the NG-CDF Board

89. Included in the statement of receipts and payment are 2015/2016 financial year transfers from CDF Board totalling Kshs.119,880,023 against approved amount totaled Kshs.127,012,570 thus falling short of the budget for the year by Kshs.7,132,547. Consequently, the citizens of West Mugirango may not have received all benefits due from budgeted services due to partial disbursement of the budgeted allocation.

Management Response

90. The Fund Account Manager submitted that the delay in disbursement of Kshs.7,132,547 was due to the late release of funds from the exchequer. The funds were later received and utilized in the office project as approved, and pictures attached.

Committee Observation

91. The Committee observed that there was delayed disbursement of funds by the National Treasury. The management availed the AIE's showing the late release of funds to the Office of the Auditor General for audit verification thereby addressing. The query was adequately addressed.

2. Use of Goods and Services

92. Included in the statement of receipts and payments is use of goods and services balance of Kshs.9,133,217 which in turn includes imprests totaling Kshs.5,799,217 for the previous year. However, the surrender documents for the said imprests were not availed for audit review. Consequently, the accuracy and validity of goods and services balance of Kshs.9, 133,217 for the year ended 30 June 2016 cannot be confirmed.

Management Response

93. The Fund Account Manager submitted that the Kshs.5, 799,217 was expenditure from the previous year's outstanding imprest that had not been surrendered during the year. The surrender vouchers had been misplaced and were retrieved and availed to the auditors for review as attached. The schedule of the imprests is also attached.

Committee Observation

94. The Committee observed that surrender vouchers were retrieved and availed to the Office of the Auditor General for review. The schedule of the imprests was also availed for audit verification. The query was adequately addressed.

3. Committee Meeting Allowances and Expenses

95. Included in the Committee meeting allowances and expenses balance of Kshs.22,978,246 are surrendered imprests totalling Kshs.13, 988,000 for the previous year. However, details of how the said imprest were surrendered were not audit review. Consequently, the accuracy and validity of Committee meeting allowances and expenses balance of Kshs.22, 978,246 for the period ended 30 June 2016 cannot be confirmed.

Management Response

96. The Fund Account Manager submitted that Kshs.13,988,000 was part of the outstanding imprest in the previous financial year of Kshs.19,787,216. The imprest was surrendered through various payment vouchers that were with the sub county treasury.

Committee Observation

97. The Committee observed that the vouchers and cash book extract were retrieved and availed to the Office of the Auditor General for review. The query was adequately addressed.

4. Other Grants and Transfers

98. The other grants and transfers balances of Kshs.59,957.284 had the following anomalies;

4.1 Bursaries

99. Out of the bursary disbursed to tertiary institutions totalling Kshs.11,456,430 bursaries totalling Kshs.388,000 were disbursed to secondary schools and Kshs.35,000 to special schools. However, the disbursements were not reflected in the financial statements.

Management Response

100. The Fund Account Manager submitted that Kshs.423, 000 was an error in classification of bursary votes and its well represented in the total bursary of Kshs.11,456,430.00

Committee Observation

101. The Committee observed that the query was adequately addressed.

4.2 Water projects

102. Out of water projects expenditure of Kshs.11,100,000, contracts worth Kshs.6,300,000 were awarded to Garage Gets Joint Suppliers Limited and Monyange Auto Company Limited for spring rehabilitation in Bosamaro, Nyamaiya and Township, piping and spring protection of Ramba Water Projects and rehabilitation of Bogichora and Bonyamatuta water springs. However, the lists of the qualified contractors were not made available for audit review. As a result, it was not possible to confirm how the contractors were identified for quotations.

Management Response

103. The Fund Account Manager submitted that the contractors were competitively sourced through open tendering the tender adverts/minutes/award letters and pictures have been availed to the auditors.

Committee Observation

104. The Committee observed that the query was adequately addressed.

4.3 Emergency Projects

105. Included in other grants and transfers balance of Kshs.59,957,284 are payments worth Kshs.10,001,332 relating to emergency projects. However, minutes from CDF Board were not made available for audit review and therefore it is not possible to confirm that projected met the criteria specified under section 8[3] of National Government Constituencies Development Fund Act, 2015.

Management Response

106. The Fund Account Manager submitted that Kshs.10,001,332 were for various emergency projects undertaken within the year.

Committee Observation

- 107. The Committee observed that the requests, pictures and minutes to confirm the projects that fall under emergency projects were availed to the Office of the Auditor General for review. The query was adequately addressed.**

5. Cash and Cash equivalents

- 108.** The cash equivalents account refracts a balance of Kshs.59, 448,701. However, the balance is not supported by updated cash book balance and bank reconciliation statements as at 30 June 2016. Consequently, the accuracy and validity of cash and cash equivalents balance of Kshs.59, 448,701 cannot be confirmed as at 30 June 2016.

Management Response

- 109.** The Fund Account Manager submitted that Kshs.59,448,701 being the total cash and cash equivalents is represented Kshs.11,209,994 the statement of receipts and payments surplus, Kshs.19,787,217.00 represents outstanding imprests while Kshs.28,451,490.00 represents opening cash book balance for the year under review. The cash book extract for the opening balance has been availed to the auditors for review.

Committee observation

- 110. The Committee observed that the management provided the missing bank statements for audit verification. The query was adequately addressed.**

6. Statement of Appropriation – Recurrent and Development

- 111.** The summary statement of appropriation for recurrent and development expenditures includes the actual on comparable basis figure for transfers from NGCDF board as Kshs.148,331,513 which, however, differs with identical account of Kshs.148,331,513 shown in the statements of receipts and payments resulting to unreconciled and unexplained difference of Kshs.28,451,490. Further the statements of appropriation reflect an adjustment of Kshs.86,331,516 in respect of transfers from the NGCDF Board and Kshs.106,118,730 with regards to payment items both made during the year under review. These adjustments have not been supported by relevant budget allocation estimates from the National Government Constituency Development Fund Board.

Management Response

- 112.** The Fund Account Manager submitted that the column of actual on comparable basis reflects the actual receipts from the Board added with the opening cashbook balance to reflect the funds available for expenditure. The difference of Kshs.28, 451,490 reflects the opening cashbook balance. The adjustments column is the summation of the funds not received from the previous year's allocation and the opening cashbook balance. The error is regretted, and this was corrected in the subsequent financial years.

Committee Observation

113. The Committee observed that the query was adequately addressed.

Other Matter

7. Budget Performance Analysis

114. The Fund incurred expenditure on three unbudgeted items without approval namely, construction of buildings, overhaul of vehicles and other payments (strategic plan). The approved budget reflected that the constituency budgeted to spent Kshs.126,512,570 while the boards allocation for 2015/2016 disclosed Kshs.127,012,570 leading to a variance of Kshs.500,000. In addition, there cases of over expenditure without approval were noted in relation to goods and services, Committee allowances and expenses and emergency fund.

Management Response

115. The Fund Account Manager submitted that the development of strategic plan was approved in financial year 2015/16 and which was done in the current financial year hence it was done within the approved budget. The expenditure of Kshs.22,978,246 in Committee allowances was due to the un surrendered imprests from previous financial years of Kshs.18,386,023.00

Committee Observation

116. The Committee observed that the query was adequately addressed.

8. Verification of projects

117. Fourteen (14) projects totaling Kshs.23,300,000 were verified during the audit. The status of the projects at the time of the audit was as analyzed in the report.

Management Response

118. The Fund Account Manager submitted that; the projects pictures of verified projects have been attached. The status of roads projects would not be correctly established due to the long duration it has taken for audit verification to be done. Payment/completion certificates for the works have been attached. I wish to note that in some cases counties could do additional works on some NG-CDF Projects without consulting with us.

Committee Observation

119. The Committee observed that management organized the documents that had been queried and submitted names of the roads that were done by NGCDF for audit verification. The query was adequately addressed.

9. Unsupported Payables

120. The management did not maintain receivables and payables ledgers to show the build-up of Kshs.124, 418,596 disclosed under annex3 of the financial statements. Consequently, it is not possible to confirm the correctness of the balance of Kshs.124, 418,596.

Management Response

121. The Fund Account Manager submitted that the receivables ledger is represented under note 1 of the financial statements. Pending payables are under Note 12.1 and Note 12.2. Note 12.3 of the financial statements which was named as pending payables was later amended to capture the correct description as unutilized funds which indicate the funds that had not been disbursed to the constituency and the closing cashbook balance. The figure of Kshs.124,418,596 therefore represents unutilized funds and not pending payables.

Committee Observation

122. The Committee observed that the query was adequately addressed.

10. Prior year matters

123. The constituency did not indicate in the financial statements for the year under review the status and follow-up of audit issues reported in the previous year required by Public Sector Accounting Standards Board Reporting Templates.

Management Response

124. The Fund Account Manager submitted that the template that was used omitted the report on follow up of audit recommendations, however this was implemented in the subsequent financial years.

Committee Observation

125. The Committee observed that management provided the fees financial statement projects for audit verification. The query was adequately addressed.

3.1.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1. Inaccuracies in Financial Statements

126. The acquisition of assets balance reflected in the statement of assets as at 30 June 2017 and pending accounts payables under annex 3 to the financial statements as well as Committee allowances reflected in the statement of receipts and payments for the year then ended differ with the sums shown in the respective supporting schedules as detailed below:-

Item	Financial statement Bal Kshs	Ledger Balance Kshs	Variance Kshs

Acquisition of assets	24,876,977	18,997,498	5,879,479
Other Pending accounts payable	34,829,018	33,529,185	1,299,833
Committee allowances and expenses	6,384,128	16,634,000	10,249,872

127. In addition, the Fund did not maintain a ledger for pending accounts payables during the year under review. Further, the management Committee expenditure in excess of available funds and as a result, the pending accounts payables balance was Kshs.34,829,018 against a cash and cash equivalent balance of Kshs.510,330 as at 30 June 2017. Management have not provided a plausible explanation for these anomalies.

Management Response

128. The Fund Account Manager submitted that the ledger for acquisition of assets is Kshs.24,876,977 as attached and not Kshs.18,997,498 as per the auditor same figure represented in financial statements.

129. Ledger for other pending payables has been revised to Kshs.34,839,018. The auditor had not taken to account Kshs.510,330 which is the closing cash book balance. The ledger for Committee allowances and expenses is Kshs.16,634,000. The balances from outstanding imprests from previous years had not been taken to account. The financial statement amount is Kshs.7,358,705 and not Kshs.6,384,128. The variance of Kshs.510,330 is the closing cash book balance and is part of available un utilized funds added to a balance from the NG-CDF Board of Kshs.34,328,688 to arrive at a total of Kshs.34,839,018.

Committee Observation

130. The Committee observed that the query was addressed adequately.

2. Unaccounted for funds – Makairo primary school

131. Includes to transfers to other government entities balance of Kshs.50,290,000 reflected in the statement of receipts and payments for the year review is Kshs.28,190,000 in respect of transfers to primary schools which in turn includes Kshs.700,000 disbursed to Makairo Primary School for renovations of three (3) classrooms. However, the project file and bills of quantities were not availed for audit review. It was therefore not possible to determine the scope of planned and executed works.

132. In addition, Nyairicha Special School was allocated Kshs.700,000 for completion of the ground floor of story building. However, the contribution of works the fund to the cost of works could not be quantified as the project was co-funded by the fund and ministry of education. In addition, the project file detailing procurement procedures was not availed for audit verification. Consequently, the occurrence and propriety of the total expenditure of Kshs.1,400,000 under transfers to other government entities as at 30 June 2017 cannot be confirmed.

Management Response

- 133.** The Fund Account Manager submitted that, we acknowledge the anomaly and note that the BQ and completion certificate for the works have been provided for audit review. The Kshs.700,000 allocated for the school were meant for completion of three class rooms in regard to plastering, painting and flooring as per attached bill of quantity.

Committee Observation

- 134.** The Committee observed that the query was addressed adequately.

3. Prior year audit issues

- 135.** The financial statements do not indicate the status of follow-up on audit issues reported in the previous year as required by the Public Sector Accounting Standards Board Reporting Template.

Management Response

- 136.** The Fund Account Manager submitted that the status on follow up of audit recommendations was done and attached to the financial statements.

Committee Observation

- 137.** The Committee observed that the management provided the financial statements for audit verification. The query was adequately addressed.

Other Matter

4. Budgetary Performance

- 138.** The funds revenue was budgeted at Kshs.190,686,125 against actual receipts of Kshs.175,366,873 resulting in under-collection of Kshs.15,319,252 equivalents to 8% of the budget. Further, the fund spent a total Kshs.174,860,543 against a budget of Kshs.189,690,125 representing under-expenditure of Kshs.14,829,583 or 8%.

Management Response

- 139.** Fund Account Manager submitted that the under collection and under absorption was due to the delay in receipt of funds from the exchequer. The funds were later received, and the various projects undertaken.

Committee Observation

- 140.** The Committee observed that the AIE's and project pictures were availed to the Office of the Auditor General for review. The query was adequately addressed.

5. Irregular Expenditures on Devolved Functions.

- 141.** Included in other grants and other payments balance of Kshs.83,389,479 reflected in the statement of receipts and payments is a balance of Kshs.27,813,459 disbursed for roads, water and agriculture (food security) and which in turn includes Kshs.25,440,180 disbursed to finance three projects in the constituency.

Description	Amount (Kshs)
Roads	13,591,000
Water	9,849,180
Agriculture	2,000,000
Total	25,440,180

- 142.** The three funded projects fall under the devolved functions of the county government but the approval for their implementation was not granted by the CDF Board as prescribed by Section 24 (a) of the NG-CDF Act 2015.
- 143.** Payments totaling Kshs.13,591,000 in respect of (9) road projects were not properly supported since they were made in the absence certificates of work done. In addition, tender evaluation reports related to the payments did not contain sufficient information such as details of bidders, tender opening minutes and evaluation scores.
- 144.** In addition, included in the balance of Kshs.50,290,000 reflected in the statement of receipts and payments under transfers to other government entities is Kshs.2,000,000 disbursed to health-care institutions whose services fall under devolved functions of the county government. No authority and approval were given by the board for transfer.

Management response

Description	Amount (Kshs)
Roads	13,591,000
Water	9,849,180
Agriculture	2,000,000
Total	25,440,180

- 145.** Fund Account Manager submitted that the above projects mentioned under devolved functions were projects approved in financial year 2014/15 and 2015/16 as per approved budgets attached.

Committee Observation

- 146.** The Committee observed that the management provided documents showing the roads were constructed. The query was adequately addressed.

6. Project Implementation Status

- 147.** The Fund had planned to implement 75 projects valued at Kshs.65, 401,724 during the year under review. As at 30 June 2017, works on twenty-four (24) projects valued at

Kshs.12,900,000 had not started; 37 projects valued at Kshs.26,370,690 were on-going; and only 14 valued at Kshs.26,131,034 were complete.

Management Response

148. The Fund Account Manager submitted that the under absorption was due to the delay in receipt of funds from the exchequer. The funds were later received, and the various projects undertaken, and pictures have been attached.

Committee Observation

149. The Committee observed that the AIE's were availed to the Office of the Auditor General for review. The query was adequately addressed.

3.1.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1. Transfer from CDF board

150. The summary statement of appropriation reflects transfers from CDF board of Kshs.76,863,777 while the statement of receipts and payments reflects receipts of Kshs.76,353,447 from the board, leading to unreconciled and unexplained difference of Kshs.510,330. Consequently, the accuracy of receipts for the year ended could not be confirmed.

Management Response

151. The Fund Account Manager submitted that the variance of Kshs.510,330 was the opening cashbook balance which was added to the receipts from the Board of Kshs.76,353,447 to make it Kshs.76,863,777.

Committee Observation

152. The Committee observed that the query was adequately addressed.

2. Compensation of employees

153. The statement of receipt and payments reflects expenditure of Kshs.925,771 in respect of compensation of employees. However, expenditure totaling Kshs.655,795 was not adequately supported. Consequently, the validity of the expenditure of Kshs.655,795 could not be ascertained.

Management Response

154. The Fund Account Manager submitted that the payroll schedules during the year were attached to the payment vouchers while processing of the salary payments.

Committee Observation

155. The Committee observed that the management provided the schedules, extracted and availed to the Office of the Auditor General for verification. The query was adequately addressed.

3. Transfer to other Government units

- 156.** Included the transfer to other governments units' expenditure of Kshs.6,236,062, is an amount of Kshs.4,436,062 relating to transfers to secondary schools which, however, differs with the ledger figure of Kshs.3,000,000 leading to unreconciled and unexplained of Kshs.1,436,062. Consequently, the accuracy and completeness of the expenditure of the Kshs.6,236,062 on transfers to other entities could not be confirmed.

Management Response

- 157.** The Fund Account Manager submitted that, we realized that there were wrong recordings during the preparation of the financial statements. However, the wrong recordings were rectified in the subsequent year. The annual expenditure returns which has the breakdown of expenditure per item (Schedules) has been availed to the auditors for review.

Committee Observation

- 158.** The Committee observed that the management provided a list of schools implemented and projects done together with the completion certificates. The query was adequately addressed.

4. Net Financial Positions

- 159.** The statement of financial assets as at 30 June 2018 reflects total financial assets of Kshs.33,151,270 and a nil liability. However, contrary to the guidelines issued by the public sector accounting standards board, the net financial position of Kshs.33,151, has instead been presented as a net liability. The audit was conducted in accordance with international standards of supreme Audit Institutions [ISSAIs]. I am Independent of National Government Constituencies, Development Fund - West Mugirango Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled 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.

Management Response

- 160.** The Fund Account Manager submitted that the template provided for reporting during the year had the statement of assets as the net liabilities instead of net financial position. The template was reviewed in the subsequent financial year to meet the guidelines of the Public Sector Accounting Standards Board.

Committee Observation

- 161.** The Committee observed that the query was addressed adequately.

Basis of Conclusion

5. Drilling of Borehole at Kebirigo Shopping centre

- 162.** Included from other grants and transfers expenditure of Kshs.22,434,000 is an amount of Kshs.600,000 which was paid to a contractor for drilling a borehole at Kebirigo Shopping Centre despite lack of budgetary provision for water projects during the financial year 2017/2018. Further, contract records relating to the project were also not provided for audit review to confirm the contract terms. Physical verification done on 14th January 2019 revealed that the project had stalled, and the local community had converted the borehole drilling site into a market stall. In addition, water is a devolved function, and it is not clear how the West Mugirango NG-CDF funded a function of the county government of Nyamira. Consequently, the value for money and regularity of the expenditure of Kshs.600,000 could not be confirmed.

Management Response

- 163.** The Fund Account Manager submitted that the project was approved in the financial year 2015-2016, the commencement date of the project was in November 2016 with a contract sum of Kshs.1,400,000. The completion date of the project was 22/1/2017. The first payment of the project was Kshs.800,000. During the financial year 2017/18 a payment of Kshs.600,000 was made to the contractor. We Attached a code list depicting the approval of this project by the board. It should also be understood that the NG-CDF Board gave a moratorium period of one year (there about) to implement project that were devolved but were approved for implementation. The completion certificate has been availed to the auditors for review.

Committee Observation

- 164.** The Committee observed the management provided documents for the two boreholes and the other project for audit verification. The query was adequately addressed.

6. Unimplemented projects

- 165.** The management did not implement a total of four projects worth Kshs.4,200,000 out of the approved twenty-two projects worth Kshs.15,600,000 as detailed below.

School	Activities	Amount(Kshs)
Ikurucha Primary	Construction of block (foundation, walling, plastering, flooring, windows and doors)	700,000
Kebirigo Primary	Completion of water borehole; pump installation and purchase of two 5000l tanks. Erection of raisers and distribution of water to Kebirigo Schools.	1,400,000
Ekerama Primary	Purchase of 2 no 5000l water storage tanks and erection of raisers and distribution of water at Ekerama Primary School	1,500,000

Kuura Secondary	Construction of 1 no classroom: foundation, plastering, flooring and fixing of windows and doors	600,000
		4,200,000

166. The delay in implementation of the planned projects affects subsequent projects and consequently, the objectives of the fund may not be achieved.

Management Response

167. The Fund Account Manager submitted that the four projects in Ikurucha Primary, Kebirigo Primary, Ekarama Primary School and Kuura Secondary School delayed in implementation of the project as the funding from the exchequer also delayed. The projects were later funded to completion. However, Kebirigo Primary School project was allocated Kshs.2,000,000 and not Kshs.1,400,000 as reported.

Committee Observation

168. The Committee observed that the query was addressed adequately.

7. Construction of Ultra-Modern CDF offices

169. A contract for the construction of an Ultra-modern CDF offices was awarded to a contractor at a sum of Kshs.27,165,395.20 in 2017/2018 financial year. The construction work was to take not more than eight months effective from 6 October 2016. A physical verification of the project on 16 January 2019 revealed the following anomalies.

- i. The fund did not have a valid title deed for land on where the construction of the office had been done.
- ii. The project had gone beyond the anticipated 8 months, period yet there was no request for extension of time from the contractor
- iii. Although the building was more than 95% complete awaiting furnishing and launching of the office for use, the stair case was narrow and not to the expected standards
- iv. The contractor had been paid a total of Kshs.25,156,536. However, the 10% retention fee had not been properly deducted given that 10% of the contract sum of Kshs.27,165,395.20 translates to Kshs.2,716,539. This means that by the end of the financial year 2017/2018 the contractor ought to have been paid a total of Kshs.24,448,855 and not Kshs.25,156,536.
- v. Although the acquisition of assets expenditure of Kshs.4,056,439 reflected in the financial statements for the year under review relates to the construction of ultra-modern CDF offices, expenditure returns were not made available for audit review to confirm the last expenditure of Kshs.4,056,439 incurred on the project.

Management Response

170. The Fund Account Manager submitted that, the constituency office is located within the government land, and we were issued with an allotment letter through the Deputy County commissioner by department of physical planning on where the office was constructed. Attached is Part Development Plan (PDP). The delay in implementation of the project was due to the late funding from the exchequer however the project was later undertaken to completion and has been in use from March 2019. The construction works were undertaken as per architecture drawings/designs. In this particular building we have store case in two wings additionally we have ramp. All these facilities are sufficient to cater free movement of people in and out of the building.
171. The project was supervised by the works officers and indeed retention was being charged, however we did not adhere to the strict guidelines of charging the retention due to over delay of funds from the board. In the subsequent payment we try to charge retention see annex 21
172. The payment of Kshs.4,056,439 was part of Kshs.4,900,000 that was approved to be paid for works done, Kshs.253,448, for VAT, Kshs.139,397 for income tax and Kshs.450,715.50 for retention as indicated in the cashbook extract.

Committee Observation

173. **The Committee observed that the query was addressed adequately.**

8. Purchase of School Bus for Gesiaga Secondary school

174. Included in the transfer to other government units' expenditure of Kshs.6,236,062 is an amount of Kshs.2,000,000 paid to Gesiaga Secondary School for the purchase of a school bus. This was a co-funding project between West Mugirango NG-CDF and the parents and teachers (PTA) with the total costing of the bus being Kshs.5,500,000. A physical verification done on 14th January 2019 revealed that the bus had not been branded. Further there was no budget for the purchase of a school bus and as such the source of the funds used to procure the bus could not be ascertained. Consequently, the regularity of the expenditure incurred on the purchase of a school bus could not be confirmed.

Management Response

175. The Fund Account Manager submitted that. The co-funding project between NG-CDF West Mugirango and the PTA of Gesiaga Primary School for the purchase of the bus was fully implemented. This project was approved by the board in the financial year 2016/2017.

Committee Observation

176. **The Committee observed that the project was approved by the Board in the financial year 2016/2017 and the code list availed for audit verification. The bus was delivered and branded accordingly. The query was adequately addressed.**

9. Renovation of Classrooms at Rangenyo primary school

177. Included in the transfer to other government expenditure of Kshs.6,236,062 is an amount of Kshs.1,300,00 which was paid to Rangenyo Unit's Primary School for renovation of four classrooms. The approved budget was Kshs.700,000, while the management incurred the expenditure of Kshs.1,300,000 leading to an over expenditure of Kshs.600, 000 which has not been budgeted for. A physical verification done on 14 January 2019 revealed that the works carried out included roofing, replacement of the window, doors, painting, and flooring. The project was implemented using labour-based method, completed and use. However, the bank statements for the project were not provided for audit to ascertain how the funds were being withdrawn from the bank and applied.

Management Response

178. The Fund Account Manager submitted that the payment of Kshs.1,300,000 to Rangenyo Primary School was for two different projects which were approved by the board. In the financial year 2016/17, Kshs.600,000 was allocated for the Renovation of 3 classrooms in the financial year 2017/2018 Kshs.700,000 was allocated for the renovation of two classrooms.

Committee Observation

179. The Committee observed that the query was addressed adequately.

10. Renovation of classrooms at Nyamwetsureko Primary school

180. Included in the transfer to other government units' expenditure of 6,236,062 is an amount of Kshs.400,000 for the renovation of a classroom at Nyamwetsureko Primary School. A physical verification conducted on 15 January 2019 revealed that works carried out included wall finishes, roofing and rain water disposal, floor finishes, window and doors. However, the following anomalies were notated:

- (i) The project was labour intensive, and the bank statements were not produced for audit verification.
- (ii) The expenditure report/returns and payment certificates were not provided for audit review.

181. Consequently, the regularity and value for money of the expenditure incurred could not be confirmed.

Management Response

182. The Fund Account Manager submitted that, transfer to other Government Unit is Kshs.4,800,000, in the amount is Kshs.2,800,000 transfer to primary school of which Kshs.400,000 was transfer to Nyamwetsureko Primary School for the renovation of two classrooms as per the attached codelist. Expenditure return and bank statement of the Nyamwetsureko Primary School is hereby attached for audit review.

Committee Observation

- 183.** The Committee observed that the expenditure return and bank statement of the Nyamwetuereko Primary School were availed for audit review. The query was adequately addressed.

11. Budget Performance Analysis

- 184.** The west Mugirango NG-CDF management had budgeted for receipts of Kshs.131,648,260 but received Kshs.76,863,777 and thus, resulting in under-realization of Kshs.54,784,483 or 42% of the final approved budget. In addition, the west Mugirango NG.CDF spent a total of Kshs.44,029,378 against a budget of Kshs.131,648,260 leading to under expenditure of Kshs.87,618,883 or 67%. The under-utilization of the budget negatively affected the efficiency and effectiveness of service to the constituents.

Management Response

- 185.** The Fund Account Manager submitted that, the underutilization of funds was due to the late release of funds from the ex-chequer. However, the various programs were undertaken to completion in the subsequent financial year.

Committee Observation

- 186.** The Committee observed that the query was adequately addressed.

12. Cash and Cash equivalent – Unspent Balance

- 187.** The statements of financial assets reflect cash and cash equivalents balance of Kshs.33,151,270 as at June 2018 but the management did not prepare a new proposal for the unspent funds at the end of financial year as required by the National Government Constituencies Development Fund Act, 2015. In the foregoing circumstances, it would be ascertained how the unspent funds were to be utilized in the subsequent financial year. 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 comply, in all material respects, with authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Management Response

- 188.** The Fund Account Manager submitted that Kshs.33,151,270 was the cashbook balance at the end of the financial year and the NG CDF Act 2015 allows for the roll-over of funds and the projects to be implemented within the approved activities that they were to initially allocated. The balance of Kshs.33,151,270 was spent on outstanding projects as required hence could not require resubmission of new project proposals.

Committee Observation

- 189.** The Committee observed that the management provided a list of the projects, completion certificates and photographs to the auditor for verification. The query was adequately addressed.

3.1.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1. Inaccuracy in the statement of assets and Liabilities

- 190.** As disclosed in Note 14 to the financial statements, of assets and liabilities reflects prior year adjustments totaling to Kshs.95,000. According to the disclosure, the adjustments relate to the bank accounts. Supporting documents were however not provided. Consequently, the accuracy, completeness and validity of the financial statements for the year ended 30 June 2019 could not be confirmed.

Management Response

- 191.** The Fund Account Manager submitted that Kshs.95,000 were previous years bursary payments that were reversed and not replaced during the year and banking to the account as outlined in the schedules and cashbook extract availed for review.

DATE	CB FOLIO	REVERSED cheque no	AMT
24/08/2018	008	8397	7,000
19/10/2018	012	7396	7000
19/10/2018	012	7386	14000
19/10/2018	012	7651	14000
19/10/2018	012	7965	5000
19/10/2018	012	7961	40000
19/10/2018	012	Banking	8000
Totals of adjustments			95,000

Committee Observation

- 192.** The Committee observed that the query was adequately addressed.

Other Matter

2. Budgetary Control and Performance

- 193.** The summary statement of appropriation: recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.196,976,629 and ksh.141,953,573 respectively resulting to under-funding of Kshs.55,023,056 or 28% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of

Kshs.196,976,629 and Kshs.136,786,728 respectively resulting to an under expenditure of Kshs.60,189,901 or 31% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

- 194.** The Fund Account Manager submitted that the underfunding was due to the lack of disbursement of entire allocations funds from the ex-chequer during the year and thus the underperformance was due to the delay in funding by the ex-chequer.
- 195.** However, in the subsequent year 19/20 the fund balance of Kshs.55,040,876 as per audit report appropriation Development and Recurrent combined, but not Kshs.55,023,056 was received, recorded in cashbook spend and reported in year 19/20 as tabulated below. The Kshs.6,055,531 was the cashbook closing.

AIE NO	AMOUNT		
BO47197	36,360,058	BBF	6,055,531
BO47346	12,180,818		0
B104577	6,500,000	AIES	55,040,876
Total	55,040,876		61,096,407

- 196.** AIE copies and cashbook extract where amounts were recorded were availed.

Committee Observation

- 197.** The Committee observed that the AIE copies and cashbook extract where amounts were recorded were availed for audit verification. The query was adequately addressed.

3. Unresolved prior year matters

- 198.** In the audit report of the previous year, issues were raised. However, the Management has not resolved all the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and the National Treasury's Circular Ref: PSASB/1/12 Vol.1 (44) of 25 June 2019.

Management Response

- 199.** The Fund Account Manager submitted that the constituency had not been invited to appear before the parliamentary Committee to discuss the previous year audit issues. We are glad we have been invited to appear before parliament and hope to clear the issues.

Committee Observation

- 200.** The Committee observed that the management provided the missing financial statements for audit verification. The query was adequately addressed.

Basis for Conclusion

4. Transfer to Other Government Units

201. As disclosed in note 6 to the financial statements, the statements of receipts and payments reflects transfers to other Government Units totaling Kshs.39,600,000. The following unsatisfactory matters were noted;

4.1 Unbranded water supply project

202. The balance includes, under transfers to primary schools, an amount of Kshs.1,500,000 which was allocated for purchase, erection of water storage tanks and installation of water distribution system at Ekerema Primary School. Physical verification, the project had not been branded. Consequently, the value of money budgeted for branding of project could not confirmed.

Management Response

203. The Fund Account Manager submitted that the branding of the Ekerema Primary School has been done and the photos taken and availed for auditor review.

Committee Observation

204. The Committee observed that the query was addressed adequately.

4.2 Delay in water supply project at Kebirigo Schools

205. Further, the balance includes an amount of Kshs.2,000,000 allocated for sinking of a water borehole, installation of submersible pump, purchase of two water storage tanks of 5000 litres each, erection of raisers and construction of water distribution systems at Kebirigo Secondary Schools. A physical verification carried out on 6 February 2020 revealed that the project had not commenced and the funds had not been utilized. Consequently, the regularity and value for money of the amount of Kshs.2,000,000 which was allocated to the project could not be confirmed.

Management Response

206. The Fund Account Manager submitted that the project had not commenced at the time of audit because the Project Management Committee (PMC) was awaited the report from the Water Resource Management Authority (WARMA) report and the Environmental Impact Assessment (EIA) report from NEMA before commencement of works which was later availed to PMC. The project was then implemented to completion as supported by the project bank statement, certificate of payments, the practical completion and photographs has been availed for auditor review.

Committee Observation

207. The Committee observed that the query was addressed adequately.

4.3 Delay in construction of a tuition block

208. The balance also includes an amount of Kshs1,000,000 which was allocated for construction of tuition block at Nyachururu Secondary School. A physical verification which was carried out on 10 February 2020 revealed that the project was incomplete despite the funds having been disbursed to the school. Further, the project implementation Committee did not deduct 10% retention money which is the mandatory to cater for the defects liabilities which may be defected after completion of the project. Consequently, the regularity and value for money of expenditure of Kshs.1,000,000 which was incurred on the project could not be confirmed.

Management Response

209. The Fund Account Manager submitted that Kshs.1,000,000 was a partial phase funding for the storey project. (tuition Block) In the year 2021/2022 the project was allocated Kshs.3,000,000 that enable completion of ground floor and put to use as shown supported certificate of completion and photograph, Code list 2021/2022.

Committee Observation

210. The Committee observed that the query was adequately addressed.

4.4 Irregular renovations of classrooms

211. In addition, the balance includes an amount of Kshs.700,000 allocated for renovation (walling, roofing, plastering and electrical works) of (4) classrooms, at Embonga Secondary School physical verification carried out on 10 February 2020 revealed that the project management used labour based contracting method and as a result, certificate of completion had not been issued. In addition, branding of the project had not been done. Consequently, regularity and value for money of expenditure of Kshs.700,000 which was incurred on the project could not be confirmed.

Management Response

212. The Fund Account Manager submitted that the branded signpost was erected at the junction to the school showing the project was funded by NGCDF. The branding on the wall of the project has since been done and its photos provided and certificate of practical completion for audit review.

Committee Observation

213. The Committee observed that the query was adequately addressed.

5. Other Grant and Transfers

214. As disclosed in note 7 to the financial statements, the statement of receipts and payments reflects other grants and transfers totaling to Kshs.59,056,022. The following matters were noted.

5.1 Drilling of Boreholes

- 215.** The expenditure includes an amount of Kshs.4,000,000 which was allocated for drilling of (2) boreholes at Kebirigo and Otanyore primary schools. However, the regularity and value for money of the expenditure of Kshs.4,000,000 which was incurred on the project could not be confirmed.

Management Response

- 216.** The Fund Account Manager submitted that at the time of Audit in February 2020 the water projects at Kebirigo and Otanyore primary had not started because of the logistical requirements that had not been completed of geological survey, and environmental impact assessment reports, for Otanyore Project and awaiting of WARMA report and EIA for Kebirigo Project which were in process of obtaining. After obtaining the required reports, the two projects were implemented to completion as supported by the bank statements, certificates of practical completions, photographs provided for audit review.

Committee Observation

- 217.** The Committee observed that the query was addressed adequately.

5.2 Delay in Implementation of Security and Environment Projects

- 218.** Further, the management had budgeted to undertake twelve projects relating to environment and security at a total cost of Kshs.6,700,000. The projects which were to be undertaken under environment consisted of planting of assorted trees in (10) primary schools at an amount of Kshs.1,000,000. Similarly, the projects which were to be undertaken under security consisted of construction of chief's camp and police post at a cost of Kshs.5,700,000. Physical verification carried out on 10 February 2020 revealed that only (2) projects with a total expenditure of Kshs.2,700,000 were implemented leaving the balance of (10) projects worth Kshs.4,000,000 unimplemented.

Management Response

- 219.** The Fund Account Manager submitted that the one million for 10 primary schools tree planting projects had been submitted for reallocation and later approved to Ikobe water spring, Bondeka water spring, Nyabisimba and Bosose water spring, the new projects were thus executed to completion. The 3 million for Bogichora Divisional Headquarters was disbursed to the project after the community agreement on the site, (Keera) that had been in tussle with Otanyore that was later dropped for lack of land. The project was executed to practical conclusion as supported by the certificates of payments, practical completion, bank statement and photo graphs.

Committee Observation

- 220.** The Committee observed that the query was adequately addressed.

5.3 Irregular Emergency Projects

221. The balance also includes an amount of Kshs.9,410,000 which was allocated for emergency projects which includes an amount of Kshs.3,970,000 spent on four (4) projects. However, the implemented projects did not meet the threshold of emergency criteria contrary to Section 8(3) of the National Government Constituency Development Fund (NG-CDF) Act 2015. Consequently, the regularity and value for money of the expenditure of Kshs.3,970,000 which was incurred on emergency projects could not be confirmed.

Management Response

222. The Fund Account Manager submitted that the NGCDF Committee in its decision by a minute resolution did consider the listed first two projects as emergency and two next items/projects were misclassified in reporting.

1	Kojan contractors-supply of blankets to the vulnerable in the constituency as way of social security support	2,000,000
2	Vemac Inv- New NGCDF Building compound walk ways, water drainage culverts and galley troughs, stone pitching to protect the building and enable ease of access to the new Building min18/06/2019	1,050,000
3	Opiyo Magero - NGCDFC allowances that was misclassified in reporting needed to be under goods and services	420,000
4	Tente Primary- construction of classroom allocation of year 2016/2017 as per code list thus it was misclassified in reporting.	500,000
	Totals	3,970,000

Committee Observation

223. The Committee observed that the query was adequately addressed.

3.1.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1. Inaccuracies in bank balances

224. As disclosed in Note 10A to the financial statements, the statement of assets and liabilities reflects bank balances totaling to Kshs.6, 568,443. The balance includes stale cheques amounting to Kshs.608, 677. However, the cheques were not reversed in the cashbook as at 30 June 2020. In the circumstances, the accuracy, validity and completeness of the bank balances totaling to Kshs.6, 568,443 reflected in the statement of assets and liabilities as at 30 June, 2020 could not be confirmed.

Management Response

225. The Fund Account Manager submitted that Kshs.608,677 is of stale cheques as at 30/05/2020 not 30/06/2020 the sub county treasury had not reversed them at 30/05/2020 for he had received NGCDFC communication.

226. Of the said cheques except 4,400 had been reversed and paid in the month of June 2020 as per the 2020/2021 June cashbook extract and Bank reconciliations statements reference for May and June 2020 availed for review and address the query.

	DATE	CHQ NO.	AMT
1	31/02/2019	9002	3,929
2	31/03/2019	9003	3,298
3	31/03/2019	9056	500,000
4	30/04/2019	9123	3,850
5	31/05/2019	9813	70,000
6	30/08/2019	10205	5,000
7	30/09/2019	10264	5,000
8	30/11/2019	10348	13,200
9	30/11/2019	10349	4,400
Totals	608,677		608,677
REVERSALS AND REPLACEMENTS			
CHQ	AMT	CB FOLIO	AMT- PAID
9002	3,929	7237	7227
9003	3,298		
9056	500,000	7235	500,000
9813	70,000	7235	40,000
	0	7235	30,000
10205	5,000	7237	5,000

10264	5,000	7237	8850
9123	3,850		
10348	13,200	7237	13200
10349	4,400		
	608,677		604,277
10349	4,400	Replaced in year 2020/21	

Committee Observation

227. The Committee was satisfied with the evidence provided by the management. The query was adequately addressed.

2. Inaccuracies in Un-utilized Fund

228. Note 17.3 to the financial statements reflects the unutilized fund totaling to Kshs.81, 657,727. However, the summary statement of appropriation – recurrent and development combined reflects budget utilization difference and which relates to unutilized fund amount of Kshs.82, 469,233 resulting to unreconciled and unexplained variance amounting to ksh.811, 506. In the circumstances, the accuracy, completeness and validity of the unutilized funds balance totaling to Kshs.81, 657,727 as at 30 June 2020.

Management Response

229. The Fund Account Manager submitted that Note 17.3 to the financial statements had an omission error in the item of acquisition of assets in respect to retention funds tabulated below. The error has been taken in to account and the correct balance confirming the unutilized funds availed for review.

Gianchore contractors	284,483
Gijjo Contractors	238,943
Sleek International	288,080
Totals	811,506

Committee Observation

230. The Committee was satisfied with the evidence provided by management. The query was adequately addressed.

Other Matter

3. Budgetary Control and Performance

231. The summary statement of appropriation – recurrent and development combined reflects final receipts budget and actual on comparable basis totaling to Kshs.198,464,131 and

Kshs.122,596,407 respectively, resulting to an underfunding amounting to Kshs.75,867,724 or 38% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Kshs.198,464,131 and Kshs.115,994,898 respectively, resulting to an under-expenditure amount to Kshs.82,469,233 or 42% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

- 232.** The Fund Account Manager submitted that the underfunding was due to shortfall in revenue thus lack of funding from the exchequer. However, the funds were received in the subsequent financial year as tabulated below and the respective projects implemented.

AIE NO.	AMT
B104758	20,000,000
B104577	6,500,000
A823747	35,000,000
B104848	14,367,724
Total	75,867,724

- 233.** The Kshs.6,568,443 is cash book closing balance in respect to salaries, gratuity, and outstanding emergency that was expensed in the year 2020/2021.

Total AIE	75,867,724
Cashbook balance	6,568,443
Total	82,436,167
Changes in retention	33,067
	82,469,234

Committee Observation

- 234.** The Committee observed that cashbook extract and AIEs were availed for audit verification. The query was adequately addressed.

4. Unresolved Prior Year Matters

- 235.** In the audit report of the previous year, several matters were raised. However, the management has not resolved the issues or given any explanation for failure to adhere to the provision of the Public Sector Accounting Standards Board templates and the National Treasury and planning circular reference No. AG. 4/16/3 Vol.1(9) dated June 2020.

Management Response

- 236.** The Fund Account Manager submitted that the constituency had not been invited to appear before the parliamentary Committee to discuss the previous year audit issues. We are glad we have been invited to appear before parliament and hope to clear the issues.

Committee Observation

- 237.** The Committee observed that the query was adequately addressed.

Basis for Conclusion

5. Unsatisfactory Implementation of Projects

5.1 Access Road to Rateti Secondary and Primary Schools

- 238.** The Management disbursed an amount of Kshs.2,439,248 for site clearance, culvert and drainage works, grading and gravelling of the access road to Rateti Primary and Secondary Schools. However, some sections of the road were not properly done and had been eroded. In addition, certificates of completion were not provided.

Management Response

- 239.** The Fund Account Manager submitted that the road was supervised by KeRRA Nyamira and executed as required. Because of the length of time from time of execution to audit time (more than a year) the sections of the road could have been eroded.

Committee Observation

- 240.** The Committee observed that the certificate of practical completion and evaluation of works executed, and costing was provided by the supervising entity and availed for audit review. The query was adequately addressed.

5.2 Access Road to Ndemo-Ikurucha Tea Buying Centre Road

- 241.** The Management disbursed a sum of Kshs.2,485,344 for construction of access road to Ndemo - Ikurucha Tea Buying Centre. The works were in respect of site clearance, culvert and drainage works, grading and gravelling. However, the certificate of completion was provided and as such the expenditure could not be confirmed.

Management Response

- 242.** The Fund Account Manager submitted that the Road was Supervised by KeRRA Nyamira and executed as required. Because of the length of time from time of execution to audit time (more than a year) the sections of the road could have been eroded. The certificate of practical completion and evaluations of works executed, and costing was provided by the by the supervising entity and annexed for review.

Committee Observation

- 243. The query was adequately addressed as the certificate of practical completion and evaluations of works executed, and costing were provided for audit verification.**

5.3 Completion of Borehole at Ikonge DOK Primary School

- 244.** The Management disbursed a total of Kshs.4, 000,000 to Ikonge DOK Primary School for pump installation, plumbing works, piping, welding and fixing solar panels, power house, and water tank with a capacity of twenty thousand (20,000) litres. However, the final certificate of completion was not provided.

Management Response

- 245.** The Fund Account Manager submitted that the project photos, certificate of completion has been submitted for audit review

Committee Observation

- 246. The Committee observed that the management submitted the project photos and certificate of completion for audit review. The query was adequately addressed.**

5.4 Construction of Classrooms at Kiambere Primary School

- 247.** The Management disbursed a sum of Kshs.4,000,000 to Kiambere Primary School for sub-structure, super structure, external walling, roofing, windows, doors, finishing floor wiring. However, the final certificate of completion was not provided.

Management Response

- 248.** The Fund Account Manager submitted that the labelling sign post and certificate of practical completion is hereby provided for audit review.

Committee Observation

- 249. The Committee observed that the query was adequately addressed.**

5.5 Construction of Bogichora Divisional Headquarters and Keera Chiefs Office

- 250.** The Management disbursed a sum of Kshs.4,699,005 for the construction of Bogichora Divisional Headquarters at a cost of Kshs.4,169,256 and Keera Chiefs Office at a cost of Kshs.529,749 in Bogichora ward. However, physical verification of the projects in the month of January 2021, revealed that the title deed of the land on which the projects had been constructed was not provided casting doubts on the ownership of the projects. Consequently, the validity and value for money of the above expenditures for the year ended 30 June 2020 could not be confirmed.

Management Response

251. The Fund Account Manager submitted that the title deed was processed and handed over to the Deputy County Commissioner for custody ref WEST MUGIRANGO/BOMANONO/2602 is hereby provided for audit review.

Committee Observation

252. The Committee observed that the query was adequately addressed.

6. Irregular Emergency Expenditure

253. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and transfers totaling to Kshs.33,949,594. The balance includes expenditure on emergency projects totaling to Kshs.3,753,600. It was noted that expenditures worth Kshs.1,780,600 incurred under emergency did not meet the threshold as defined in the CDF Regulations 8(3), 2016. Consequently, the Management is in breach of the law.

Management Response

254. The Fund Account Manager submitted that the NGCDF vehicle had broken down and grounded and needed substantial amount for engine overhaul, repair and painting thus the NGCDFC approved by minute resolution dated 9th September 2019 to use emergency to repair it for which it was done and is running to date. The court case against the NGCDFC by former employees necessitated use of emergency for legal fees. Since it had not been budgeted under administration the environmental impact assessment report (EIA) was required for works to start at West Mugirango TVC thus the only option was to use emergency.

Committee Observation

255. The Committee observed that the query was adequately addressed.

3.1.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1. Use of Goods and services

256. The statement of receipts and payments reflects payments for use of goods and services totaling Kshs.9,312,839 as further disclosed in Note 5 to the financial statements. The balances include payment of Committee allowances totaling Kshs.4,350,000. However, the payments were not supported by signed and dated Committee attendance registers, Committee minutes and other relevant records that may have confirmed the occurrence of the cited meetings. In the circumstance, the occurrence, validity and accuracy of the expenditure on Committee allowances totaling Kshs.4,350,000 for the year ended 30 June 2021.

Management Response

257. The Fund Account Manager submitted that Kshs.4,350,000 was incurred for Committee allowances for the NGCDF during the year. This involved both the NGCDF Committee meetings and the monitoring and evaluation exercise that was undertaken. The signed

attendance schedules, NGCDFC minutes and monitoring reports have been availed for review.

Committee Observation

258. The Committee observed that the query was adequately addressed.

2. Transfer to other government entities

259. The statement on receipts and payments reflects transfer to other government units totaling Kshs.93, 511,981 as further disclosed in Note 6 to the financial statements. The transfer includes Kshs.56, 038,000 disbursed to secondary schools out of which Kshs.42, 898,000 was disbursed to (12) secondary schools for purchase of school buses. However, delivery notes, inspection and acceptance certificates and log books for (2) buses reportedly purchased for Gesore Secondary School and Makairo Secondary at a cost of Kshs.7,452,000 were not provided for audit verification. As a result, it was not possible to confirm the accuracy and propriety of expenditure totaling Kshs.7, 452,000 reported to have been spent to purchase the two buses.

Management Response

260. The Fund Account Manager submitted that the purchase of the school buses for the two schools used Government negotiated contract with Isuzu East Africa for supply and delivery of buses through their appointed dealers. The buses were delivered to the schools and the schools signed the respective delivery notes.

Committee Observation

261. The Committee observed that delivery note and log books were availed for audit review. The query was adequately addressed.

3. Other grants and transfers

262. The statement of receipts and payments reflects other grants and transfers totalling Kshs.64,498,343, as further disclosed in note 7 to the financial statements. The balance includes Kshs.5,088,131 spent on sports projects out of which payments totaling Kshs.2,631,793 were not supported with appropriate documents. As a result, it was not possible to confirm the occurrence and accuracy of the payments for sports projects amounting to Kshs.2, 631,793. Further the accuracy and fair statement of the grants and transfers balance totaling Kshs.64, 498,343 could not be confirmed.

Management Response

263. The Fund Account Manager submitted that the Kshs.2, 631,793 was paid to cater for the sports tournament within the constituency. The expenditure documents for the Kshs.2, 631,793 has been availed for review. Including the bank statement, payment voucher, delivery notes, inspection and acceptance certificate and invoice.

Committee Observation

264. The Committee was satisfied with the evidence provided by the management. The query was adequately addressed.

Other Matter

4. Budgetary Control, and Performance

265. The summary statement of appropriation for the year under review reflects budgeted receipts and actual receipts totaling Kshs.220,480,822 and Kshs.175, 391,943 respectively resulting to a shortfall amounting to Kshs.45,088,879 or 20% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling Kshs.220,480,822 and Kshs172,911,401 respectively resulting in under-expenditure of Kshs.47,569,421 or 22% of the budget. The shortfall of revenue and under-expenditure hampered the execution of planned projects and activities and thereby disadvantaged the residents of West Mugirango Constituency.

Management Response

266. The Fund Account Manager submitted that the shortfall in revenue was due to the lack of funding from the exchequer. The funds were received in the subsequent financial year, recorded in cashbook and the projects implemented as planned and reported.

AIE NO	AMT
B105328	33,000,000
A888517	12,088,879
Totals	45,088,879

267. The cash book balance of Kshs.2,601,675 for administration and unutilized emergency and retention difference of Kshs.121,133.

Committee Observation

268. The Committee observed that AIE' and cashbook extracts were availed for audit verification. The query was adequately addressed.

5. Prior year Issues

269. The audit report for the year under review highlighted several issues related to the financial statements presented for audit and lawfulness and effectiveness on the use of public resources. The report on the progress in the following up on auditor's recommendations appended to the financial statements for the year under review indicates that some of the issues had been resolved while the work on the reminder was on going as at 30 June 2021. The actual status of issues will be confirmed after they are discussed in parliament.

Management Response

270. The Fund Account Manager submitted that the constituency had not been invited to appear before the parliamentary Committee to discuss the previous year audit issues. We are glad we have been invited to appear before parliament and hope to clear the issues.

Committee Observation

271. **The Committee was satisfied with the evidence provided by management and the query was adequately addressed.**

Basis for Conclusion

6. Lack of Project Management Committee (PMC)

272. Regulation 15(1) of the National Government Constituency Development Fund Regulations, 2016 requires each constituency to appoint a project management Committee (PMC) to oversee the affairs of the fund in the constituency. However, existence of the Committee in West Mugirango NGCDFC could not be confirmed since the management did not provide records on the appointment deliberations on the audit verification.

Management Response

273. The Fund Account Manager submitted that each project in the constituency is undertaken by the existing, Project Management Committees as Board of Management of schools who implement the projects with consultation with the various government technical departments. The signatories are introduced to the bank by Fund Account Manager.

Committee Observation

274. **The Committee was satisfied with the evidence provided by the management. The query was adequately addressed.**

7. Bursary Management

275. The statements on the receipts and payments reflects other grants and payments totaling Kshs.64,498,343 which include bursaries to schools and institutions totaling Kshs.38,864,000. However, no evidence was provided to confirm that the bursary subCommittee, as constituted, co-opted two members, one of whom should have been an area education officer or representative of the ministry of education as required under the constituency development fund board circular reference VOL1/11 of 13 Sep 2010 in addition, in regards to application for bursaries, the Constituency did not have a register in which completed application forms were entered and reviewed for suitability before bursary disbursements were made. In view of these anomalies' management of bursary applications, vetting and approval processes may not have been transparent and accountable and the validity and equity of bursaries issued could not be confirmed.

Management Response

- 276.** The Fund Account Manager submitted that NGCDFC had a bursary subCommittee chaired by one Julius Kemosi who took management of bursary process as distribution of forms, collection, collecting, analyzing. The vetting of the applicants to determine the suitable beneficiaries is an enormous task such that the bursary subCommittee requests the entire NG CDFC and Staff to assist in the vetting of the bursary applications to hasten the process. The constituency had manual registers for every distribution Centre in terms of counter books for recording of applicant's details when receiving and returning applications forms.

Committee Observation

- 277.** The Committee was satisfied with the evidence provided by management. The query was adequately addressed.

3.1.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

Other Matter

1. Budgetary Control and Performance

278. The summary statements on appropriation reflects final payments budget and actual on comparable basis amounts of Kshs185,641,087 and Kshs.168,905,972 respectively resulting to under-expenditure of Kshs.16,735,115(9% of the budget). The under-expenditure adversely affected planned activities and service delivery to the residents of West Mugirango Constituency.

Management Response

279. The Fund Account Manager submitted that the under expenditure was due to the late receive of funds from the exchequer. However, the funds were immediately spent in July and August 2022 and the pending programs immediately undertaken to completion and reported in 2022/2023 financial year and forms audit report.

Committee Observation

280. The Committee was satisfied with the evidence provided by management. The query was adequately addressed.

Basis of Conclusion

2. Dysfunctional Borehole at Mongrorisia primary school

281. The statement receipts and payments reflect transfers to other Government units balance of Kshs.74,522,022 which includes transfers to primary schools' amount of Kshs,7,544,048 out of which Kshs.5,500,000 was transferred to Mongorisia Primary School for drilling and equipping a borehole. However, field verification at the time of audit on 15 March 2023 revealed that the project was complete but not functional. Management explained that after completion, the borehole functioned for a short period of time and then broke down. In the circumstance, value for money from the expenditure of Kshs.5,500,000 could not be confirmed and expected benefits from the project may not be realized.

Management Response

282. The Fund Account Manager submitted that Kshs.5, 500,000 was transferred for the drilling and equipping of borehole which was undertaken through the supervision of the technical; officers from the other government departments. The water project functioned beyond defects the liability period supplying water to the schools- Mongoris Primary, Mongoris Secondary, and Mongoris Dispensary. Thereafter it failed and it has not been repaired by the school since NGCDF act does not allow for recurrent costs of a complete project.

Committee Observation

283. The Committee was satisfied with the response and evidence provided by management. The query was adequately addressed.

3. Inaccuracies in summary of Fixed Asset register

284. The summary of fixed asset registers as disclosed in annex 4 to the financial statements reflects total of Kshs.63,680,023 while the fixed assets register provided for audit shows total assets amount of Kshs.51,129,024, resulting in an unreconciled variance of Kshs.4,550,999. In addition, the summary shows that the cost of office equipment, furniture and fittings increased by 4,000,000 from Kshs5,076,286 as at 30 June, 2021 to Kshs.9,076,286 as at June 2022. Further, the cost of ICT equipment, software and other ICT assets increased by Kshs.500, 000 from 336,422 to 836,422 during the same period. However, the increases of Kshs.4,000,000 and Kshs.500,000 are not reflected as additions to the acquisition of assets of Kshs.257,933 disclosed in Note 8 to the financial statements contrary to Regulation 143 on register of assets of which provide that the Accounting Officer shall be responsible for maintaining a register of assets control or possession as prescribed by the relevant laws and that the register of land and buildings shall record each parcel of land and each building and the terms on which it held, with reference to the conveyance, address area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details. In the circumstances, management was in breach of the law.

Management Response

285. The Fund Account Manager submitted that the fixed asset register that was provided had omitted some assets which were updated and has been availed to the auditors for review. During the year the constituency only acquired an asset of Kshs.257, 933 and the other additions were typing errors that are highly regretted.

Committee Observation

286. The Committee observed that the updated summary statement of fixed assets was updated and availed for audit verification. The query was adequately addressed.

3.2 BOBASI CONSTITUENCY

287. The Fund Account Manager for **Bobasi Constituency** appeared before the Committee on Wednesday 8th May 2024 tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows:

3.2.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Cash and Cash Equivalents

288. The statement of assets and liabilities reflects a cash equivalents balance of Kshs.31,722,009 as at 30 June 2014. Excluded in the cash and cash equivalents balance were stale cheques totaling Kshs.327,418 which as at 30 June 2014 had not been reversed in the CDF's cash books. Further management did not explain why the cheques were not released to the payees. Consequently, the accuracy of the cash and cash equivalents balance of Kshs.31,529,009 could not be confirmed.

Management Response

289. The Fund Account Manager submitted that Kshs.31,529,009 was the cash book closing balance as at 30th June 2014 and the constituency had an outstanding imprest of Kshs.193,000 hence the cash and cash equivalent balance of Kshs31,722,009.

290. The stale cheques were reversed in the subsequent financial years and reissued to other beneficiaries. The bank reconciliation statement has been availed for review.

Committee Observation

291. The Committee observed that supporting documents had been availed for audit verification. The query was satisfactorily addressed.

2. Transfer to Other Government Units

292. A review of the Constituency Development Funds records for the year ended 30 June 2014 revealed that Kshs.3,400,000 was released to various schools and dispensaries in the Constituency. However, expenditure returns to support utilization of the grants were not submitted to the Constituency Development Fund office by the various Project Management Committees (PMCs). Further, the projects files maintained at the Constituency Development Fund Office lacked vital information such as project proposals, copies of minutes of PMC's meetings, bank statements and contract agreements. In the circumstances, it could not be confirmed whether the Kshs.3,400,000 was used for the intended purposes.

Management Response

293. The Fund Account Manager submitted that during the time of audit, the project management Committee had not submitted the returns to the Committee for filing.

294. However, this was followed up and the documents submitted to the office. Through frequent capacity building currently the Project Management Committees are able to submit the returns to the constituency office on time.

Committee Observation

295. The Committee observed that management provided expenditure returns of the projects done. The query was adequately addressed.

3. Other Grants and Transfer

296. During the year under review, Kshs.2,000,000 was paid towards the construction of a multipurpose hall and dormitory at Suguta Secondary School. However, the necessary support information including bill of quantities, tender documents, certificates of work done amongst others were not vailed for audit review. Consequently, the proprietary for inclusion of Kshs.2,000,000 in the statement of receipts and payments could not be confirmed.

Management Response

297. The Fund Account Manager submitted that Kshs.2,000,000 was for the construction of the multipurpose hall at Suguta Secondary School the project documents were with the project management Committee however the documents have been retrieved and availed to the auditors for review.

Committee Observation

298. The Committee observed that supporting documents had been availed for audit verification. The query was adequately addressed.

4. Unsupported Adjustments

299. During the year under review, the following adjustments were made to the set of financial statements presented for audit. However, supporting journal were not provided for audit review. Consequently, the accuracy of the amendments could not be confirmed.

	Original figure	Adjustments	Adjustments figure
Compensation of employees	406,000	364,560	770,560
Use of goods and services	236,146	438,682	674,828
Committee meeting allowances	788,400	1,729,426	2,517,826
Transfer to other government units	12,860,500	21,867,902	34,728,402
Offer grants and transfers	3,370,000	22,643,020	26,013,020
Social security cost	4,000	2,000	6,000

Management Response

- 300.** The Fund Account Manager submitted that this was the first time that the constituency was doing the financial statements and there were challenges faced in the preparation of the financials. The adjustments were to amend the original financials to reflect the correct financial position of the constituencies and the constituency did not prepare the journal vouchers and the omission is regretted in place ledgers, a very comprehensive
- 301.** Annual expenditure Returns used to support financial statements has been availed to the auditor.

Committee Observation

- 302.** The Committee observed that management adjusted the financial statements in the subsequent year. The query was adequately addressed.

5. Comparative figures

- 303.** The statement of financial assets reflects a fund balance brought forward of Kshs.212,276. The fund balance relates to the Constituency Development Fund's activities prior to the year under review. The accuracy of the opening balances could not be confirmed as the financial statements did not have the comparative figures for the year 2012/2013.

Management Response

- 304.** The Fund Account Manager submitted that this being the first year of reporting the constituency could not have the comparative figures however Kshs.212,276 relates to the cashbook opening balance as at 1st July 2013. The cashbook extract has been availed to the auditors for review.

Committee Observation

- 305.** The Committee observed that the query was adequately addressed.

3.2.2 AUDITED STATEMENTS FOR FINANCIAL YEARS 2014/2015

1. Summary Statement of Appropriation

- 306.** The summary statement of appropriation reflects the current year's total budget receipts and total payments of Kshs.140,101,109. However, this amount differs with the records maintained at the Constituencies Development Fund Board which indicates the final approved budget for the year 2014/2015 as Kshs.128,205,784 resulting in unexplained difference of Kshs.11,895,365. In the circumstances, the accuracy of the summary statement of appropriation total budget of Kshs.140,101,149 could not be confirmed.

Management Response

- 307.** The Fund Account Manager submitted that Kshs.140,101,109 relates to the approved projects for the year of Kshs.108,379,140 and the cashbook opening balance of Kshs.31,722,009. Kshs.128,205,784 is the allocation of the constituency for the year however the reporting standards required us to reflect only the approved amount of Kshs.108,379,140, hence having

the variance. Corrective adjustments in the summary statement of appropriation were done in the subsequent financial years.

Committee Observation

308. The Committee observed that management adjusted the summary statement of appropriation in the subsequent year. The query was adequately addressed.

2. Transfers to other governments units

309. The statement of receipts and payments reflect transfers to other government units' figure of Kshs.61,750,355 which includes amounts totaling Kshs.5,350,000 not supported with documentary evidence such as payment vouchers, minutes of Committee meetings, and returns from Project Management Committees. Consequently, expenditure totaling Kshs.5,350,000 could not be confirmed as a proper charge to public funds.

Management Response

310. The Fund Account Manager submitted that it is true that as at the time of your audit, payment vouchers amounting to Kshs.5,350,000 were missing due to misfiling. The payment vouchers have been retrieved and have been availed for review.

Committee Observation

311. The Committee observed that the management submitted the payment vouchers for audit review. The query was adequately addressed.

3. Cash and Cash Equivalents

312. The statement of financial assets as at 30 June 2015 reflects cash and cash equivalents balance of Kshs.24,492,282 which excludes receipts in bank totaling Kshs.330,000 not supported with documentation. Consequently, the accuracy of cash and cash equivalents balance of Kshs.24,492,282 could not be confirmed.

Management Response

313. The Fund Account Manager submitted that Kshs.330,000 was retention monies that had been withheld for Jomzulu General Contractors who were undertaking construction works at Kionyo Dispensary. The monies were later recognized in the cashbook and cleared as a reconciling item. The cashbook extract and copy of payment voucher have been availed for review.

Committee Observation

314. The Committee observed that the management provided cashbook extract and copies of payment vouchers. The query was adequately addressed.

4. Unsupported Payments

Item	Financial statements figure (Kshs)	Support Documents amount (Kshs)	Variance
Use of goods and services	1,271,545	1,000,251	271,294
Other grants and other payments	46,149,113	42,280,649	3,868,464
Total			4,139,758

315. Consequently, the propriety of the expenditure totaling Kshs.4,139,758 could not be confirmed.

Management Response

316. The Fund Account Manager submitted that comprehensive Annual Expenditure Returns of Kshs.271,294 and Kshs.3,868,464 have been attached.

Committee Observation

317. The Committee observed that management provided cashbook extract and copies of payment vouchers. The query was adequately addressed.

5. Failure to deduct Retention and withholding tax

318. Constituencies Development Fund- Bobasi Constituency, during the year under review, made payments totaling Kshs.23,614,540 towards roads and water projects within the constituency. Information availed indicates that retention fees amounting to Kshs.2,361,454 and withholding tax amounting to Kshs.708,436 were not deducted from the payments to contractors which is in contravention of Government financial regulations and procedures and income tax Act requirements. My opinion is not qualified in respect of this matter.

Management Response

319. The Fund Account Manager submitted that Payments to the various projects were done under the supervision of the technical departments from the various ministries. The certificate of payments was issued by the officers hence some didn't recommend the deduction of the amounts. The constituency currently ensures the taxes and retention monies are deducted.

Committee Observation

320. The Committee observed that the query was adequately addressed.

3.2.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1. Transfers from National Government Constituencies Development Fund (NGCDF) Board

321. The Constituency received from the NGCDF Board an amount of Kshs.132,102,892 against a budget of Kshs.136,032,885 resulting in a difference of Kshs.3,929,993. Desired service delivery may not have been attained on a timely basis due to delayed disbursement of funds.

Management Response

322. The Fund Account Manager submitted that this was due to the delay in disbursement of funds from the exchequer, however the funds were received in the subsequent financial year and the various projects undertaken to completion. AIE's and have been availed for review.

Committee Observation

323. The Committee observed that the management provided the AIEs for audit review. The query was adequately addressed.

2. Compensation of Employees

324. The compensation of employees' figure balance of Kshs.991,567 was not supported by a breakdown or payees and the payments per month. Further, payrolls for the months of October to November 2015, January and February 2016 were not made available for audit review.

325. Consequently, the accuracy and propriety compensation of employees' balance of Kshs.991,567 could not be confirmed.

Management Response

326. The Fund Account Manager submitted that the payroll for the months of October, November 2015, January and February 2016 were attached to the various payment vouchers, however they have been retrieved and availed for review. The payrolls for the four months have been availed for review.

Committee Observation

327. The Committee observed that the payrolls amounts were provided by management and verified by the Office of the Auditor General. The query was adequately addressed.

3. Implementation Water Projects

328. The constituency disbursed a total of Kshs.23,750,155 under the grants and transfers during the year under review as reflected in the statement of receipts and transfers. Out of this amount, Kshs.4,219,957 in respect of water projects was paid directly to the contractors to implement projects contrary to the provisions of the National Government Constituencies Development Fund Act, 2015 and procurement laws. Consequently, the expenditure incurred was in contravention of the law.

Management Response

329. The Fund Account Manager submitted that Bobasi NG-CDF adheres to the provisions of the CDF Act and this forms the basis of its operations. However, expenditure totaling to Kshs.4,219,957 in respect of water projects was paid directly to the contractors to implement the projects. Hence, the Bobasi NG-CDFC implemented the said water project on their behalf to bridge the capacity challenges by the project management Committees. Completion certificates and photos of the project have been availed.

Committee Observation

330. The Committee observed that completion certificates were provided by the management for verification. The query was adequately addressed.

4. Non-Filling of Expenditure Returns by Project Management Committees

331. The Constituency disbursed a total of Kshs.59,994,983 under transfers to other Government entities during the year under review as reflected in the statement of receipts and transfers. Out of this amount, Kshs.49,994,983 was administered through Project Management Committees (PMCs) spread throughout the constituency. However, the PMCs have not filed expenditure returns including cashbooks, bank statements, stores records, minutes, and other relevant accounting documents with likelihood of money being lost due to non-accountability by the PMCs. In consequence, the status of the projects may not be known due to lack of records.

Management Response

332. The Fund Account Manager submitted that project management Committees had not submitted the project files to the office but were with the Committees. The project management Committees through continuous capacity building have now undertaken to file the returns with the constituency and this is evident in the subsequent financial years. Since the projects are many, please find attached sample of PMC Expenditure returns.

Committee Observation

333. The Committee observed that the query was adequately addressed.

5. Transfers to Health Institutions

334. Bobasi CDF management transferred Kshs.15,082,760 to Health Institutions as detailed below:

Dispensary	Amount Kshs.
Kionyo Dispensary	9,643,494
Nyamache Hospital(KMTC)	1,089,074
Omosaria Dispensary	1,037,074

Kenyerere Health Centre	1,679,237
Nyakegogi Dispensary	614,000
Nyansakia Health Centre	776,313
Kenyambi Dispensary	131,415
Kiobegi Dispensary	112,153
Total	15,082,760

335. Although the National Government Constituencies Development Fund Board approved the transfers for projects whose construction started before the National Government Constituencies Development Fund Act, 2015 came into operation, verification done at Omosaria and Kionyo Dispensaries on 10 and 11 May 2017 revealed the projects were far from being completed and their continued funding will be in contravention of the Act.

Management Response

336. The Fund Account Manager submitted that the NG-CDF Board requested a list of all incomplete projects which were previously funded by the CDF and have now been devolved for further directions and the list of the submissions is hereby attached. The NG-CDFC is considering handing over the projects whose parent department has been devolved to the county government. The code list for the approved projects has been attached.

Committee Observation

337. The Committee observed that the management provided the codelist for approved projects and a list of all incomplete projects. The query was adequately addressed.

6. Fixed Assets Register

338. The summary of fixed assets at annex 4 reflect under Kshs.4,772,993 as at 30th June 2016. However, the figure was not supported by fixed assets register. Consequently, the accuracy of the summary of fixed assets figure could not be confirmed.

Management Response

339. The Fund Account Manager submitted that the updated fixed asset register for Bobasi NG-CDF has been availed to the auditors for review.

Committee Observation

340. The Committee observed that the query was adequately addressed.

3.2.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1. Variances Between the Figures in the Financial Statements and schedules

341. There were variances between the figures in the financial statements and as reflected below on the expenditure schedules as shown below;

Item	Financial Statements (Kshs)	Schedules (Kshs.)	Variance (Kshs.)
Transfer to primary schools	47,069,128	60,637,931	(13,568,803)
Transfer to health institutions	23,375,407	20,375,406	3,000,001
Fuel and lubricants	1,500,000	2,050,000	(550,000)
Total	71,944,535	83,063,337	(11,118,802)

Management Response

342. The schedules as per the auditor's recommendations were correct observation. These variances however were adjusted in the financial statements of the FY 2017/2018.

Committee Observation

343. The Committee observed that the management adjusted the financial statements in the subsequent year. The query was adequately addressed.

2. Failure to Prepare a Trial Balance

344. The management did not provide for audit review a trial balance for the year ended 30 June 2017 and therefore it is not clear how the financial statements submitted for audit were prepared without a trial balance.

Management Response

345. The trial balance to the financial statements was prepared but not attached to the financial statements since the trial balance is a supporting schedule to the financial statements. The trial balance has been availed for review.

Committee Observation

346. The Committee observed that the trial balance was provided for audit verification. The query was adequately addressed.

3. Inaccuracies in the summary statement of Appropriation

347. The summary statement of appropriation reflects an original budget of Kshs.81,896,552 and an adjustment of Kshs.137,058,939 bringing the total budget to Kshs.218,955,491. However,

the adjustments have not been supported by an approved code list showing the 2015/2016 activities that were financed in 2016/2017.

348. In the circumstances, the accuracy and completeness of the financial statements could not be confirmed for the year ended 30 June 2017.

Management Response

349. Kshs.137,058,939 was the cashbook balance and funds not received from the previous year that form the adjustments. This fund was part of the approved code list for the previous financial years.

Committee Observation

350. The Committee observed that the query was adequately addressed.

4. Compensation of Employees

351. The statement of receipts and payments reflects of an amount of Kshs.2,089,506 in respect of compensation of employees. Included in this figure is an amount of Kshs.300,000 for fuel drawn by the Funds vehicle GKB 776F but was posted to the payroll ledger thus overstating compensation of employee's balance by Kshs.300,000. Consequently, it was not possible to ascertain proper accounting classification and completeness of the compensation of employee's figure of Kshs.2,089,506.

Management Response

352. Kshs.300,000 was misclassified under the compensation of employees and this was corrected and posted to the correct expenditure item.

Committee Observation

353. The Committee observed that the management adjusted the mismanagement in the subsequent year. The query was adequately addressed.

5. Fuel, Oil and Lubricants

354. The statement of receipts and payments reflects under use of goods and services a figure of Kshs.11,730,944 which includes an amount of Kshs.1,500,000 incurred on fuel, oil and lubricants. However, a review of payments vouchers in respect of fuel oil and lubricants revealed that payments totaling to Kshs.550,000 were incurred but were omitted from the schedules, thus understating the amount incurred on fuel, oil and lubricants.

Management Response

355. Kshs.1,800,000 was the actual expenditure under the charge item of fuel. However, Kshs.300,000 was captured and the compensation of employees. This has been adjusted to reflect the correct balances per item.

Committee Observation

356. The Committee observed that the management adjusted the expenditure in the subsequent year. The query was adequately addressed.

6. Other Operating Expenses

357. Included under use of goods and services figure of Kshs.11,730,944 is an amount of on other operating expenses. However, supporting documents such as schedules and payment vouchers were not availed for audit review. Consequently, it was not possible to confirm the correctness of Kshs.906,442 incurred on other operating expenses.

Management Response

358. The schedules as per the auditor's recommendations were correct observation. These variances however were adjusted in the financial statements of the FY 2017/2018.

Committee Observation

359. The Committee observed that the management adjusted the auditor's recommendations in the subsequent year. The query was adequately addressed.

7. Procurement of Goods and Services

360. Included in the use of goods and services figure of Kshs.11,730,944 is an amount of under other Committee allowances, out of which Kshs.3,021,386 was spent on accommodation, hire of conference facilities and capacity building. The goods and services were sourced directly from suppliers without inviting quotations contrary to Section 105 of the Public Procurement and Assets Disposal Act, 2015 which states that a procuring entity may use request for quotations when the estimated value of goods and services being procured is less than or equal to the prescribed maximum value for using quotations and for goods and services that are readily available in the market. Consequently, the management was in breach of the law.
361. Under the circumstances, the accuracy and completeness of Kshs.11,730,944 expenditure on use of goods and services could not be confirmed.

Management Response

362. It is not true that there was single sourcing of the supply of the said goods and services. Quotations for provision of meals, breakfast, accommodation and conference hall were flitted to various suppliers.

Committee Observation

363. The Committee observed that the query was adequately addressed.

8. Other Grants and Transfers

364. Included under other grants and transfers balance of Kshs.32,880,280 is an amount of Kshs.8,570,280 on security projects. Management failed to undertake security projects worth Kshs.5,370,280 in the year under review despite the fact that the projects were financed by the Board. Cheques for the projects were drawn on 13 March 2017 but were later cancelled without replacement. Consequently, the propriety of the expenditure of Kshs.5,570,280 could not be confirmed.

Management Response

365. Kshs.8,570,280 was the expenditure under security during the year however the cheques drawn of Kshs.5,370,280 were later cancelled due to the delay of the Project Management Committee to agree on the location of the projects and issues of land.

Committee Observation

366. The Committee observed that the management provided documentation to confirm implementation of security projects. The query was adequately addressed.

9. Fixed Assets Register

367. The summary of fixed asset register under Annex-4, reflects a total of Kshs.9,358,244 for the year ended 30 June 2017 from a balance of Kshs.8,572,993 in the previous year. The increase of Kshs.785,251 in the assets balance has not been explained.

368. Consequently, the accuracy and completeness of the summary of fixed assets balance of Kshs.9,358,244 for the year ended 30 June 2017 could not be confirmed.

Management Response

369. During the year under review the constituency did not acquire any assets and the increase in the summary of fixed asset register is wrongly captured.

Committee Observation

370. The Committee observed that the asset register amounts agree with the financial statements provided for audit verification. The query was adequately addressed.

10. Budget Analysis

371. A comparison of budget and actual figures revealed variance as detailed below.

Item	Budget Kshs.	Actual Kshs.	Variance Kshs.	Performance (%)
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Compensation of employees	2,155,491	2,089,506	65,985	97
Use of goods and services	16,000,000	11,730,944	4,269,056	73
Transfers to other government entities	150,000,000	121,732,131	28,267,869	81
Other grants and transfers	50,800,000	32,880,280	17,919,720	65
Total	218,955,491	168,432,861	50,522,630	77

372. Analysis of the budget against the actual figures revealed that the fund under spent on 4 items namely; Compensation of employees, Use of goods and services, Transfers to other government entities and Other grants and transfers. The total amount budgeted was Kshs.218,955,491 and total amount was Kshs.168,432,861 leading to a variance of Kshs.50,522,630 representing 77%. Because of the under absorption the management could not achieve all its budgeted goals.

Management Response

373. The variance Kshs.50,522,630 was an under expenditure due to the late disbursement of funds from the ex-chequer.

Committee Observation

374. The Committee observed that the query was adequately addressed.

11. PMC Bank Balances

375. The management did not disclose the bank balances of various project management accounts as at 30th June 2017 contrary to public accounting standards reporting template.

Management Response

376. The PMC balances for the various projects had not been provided by the various PMC's and the banks where the accounts were located. The balances were disclosed in the subsequent financial years.

Committee Observation

377. The Committee noted that the management disclosed the PMC balances in the subsequent year and the matter was adequately addressed.

3.2.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1. Comparative Figures

378. The comparative information 2016/2017 financial year presented in the financial statement for the year ended 30th June 2018 differs with the figures reflected in the audited financial statements for 2016/2017 as follows;

Item	Comparative figures in the financial statements 2017/2018 (Kshs)	Figures in the 2016/2017 audited financial statements (Kshs.)
Statement of receipts and payments		
Transfers from NG-CDF board.	108,379,140.00	107,441,162.00
Total receipts	108,379,140.00	107,441,162.00
Compensation of employees	1,789,507.00	2,089,506.00
Use of goods and services	12,030,945.00	11,730,944.00
Transfer to other government entities	132,300,934.00	121,732,131.00
Total payments	179,001,666.00	168,432,861.00
Surplus/deficit	(70,622,526.00)	(60,991,699.00)
Statement of assets and liabilities		
Bank balances	7,243,354.00	7,234,354.00
Total financial assets	7,243,354.00	7,234,354.00
Surplus/deficit	(70,622,526.00)	(60,991,699.00)
Net liabilities	(2,396,473.00)	7,234,354.00
Statement of cash flows		
Compensation of employees	1,789,507.00	2,089,506.00
Use of goods and services	12,030,945.00	11,730,944.00
Transfer to other government entities	132,300,934.00	121,732,131.00
Net cash flow from operating activities	(71,560,504.00)	168,432,861.00
Net increase in cash and cash equivalent	(71,560,504.00)	(60,991,699.00)
Cash and Cash Equivalent at The End of the Year	(2,396,473.00)	7,234,354.00
Notes to the financial statements		
Compensation of employees		

Basic wages of contractual employees	954,267.00	1,254,267.00
Other personnel payments	0.00	715.885.00
Gratuity	717,886 00	119,354.00
Total	1,670,163.00	2,089,506.00
Use of goods and services		
Fuel, oils and lubricants	0.00	1,500,000.00
Other Committee expenses	8,371,387 00	3,021,386.00
Committee allowances	0.00	5,600.00000
Total	10,394,148.00	11,730,944.00
Transfer to other government entities		
Transters to primary schools	60,637,931.00	47,069,128.00
Transfers to health institutions	20,375,407.00	23,375,407.00
Total		121,732,131.00
13. Balances brought forward		
Bank accounts	24,492.287.00	68,226,053.00
15.1 Pending accounts payable	0.00	500,000.00

379. In the circumstances, the accuracy, completeness and validity of the comparative amounts and balances reflected against various account items in the financial statements could not be ascertained.

Management Response

380. The errors in the comparative figures are highly regrettable however the financial statements were adjusted in the subsequent financial year to correct the reported error.

Committee Observation

381. The Committee observed that the management adjusted the errors in the financial statements in subsequent year. The query was adequately addressed.

2. Summary Statements of Appropriation

382. That the summary statement of appropriation indicates an original budget of Kshs.88,175,560, an adjustment of Kshs.50,179,310 bringing the total budget to Kshs.138,354,870 for the expenditure. The adjustments for the statement of appropriation, have not been adequately supported by approved code list and expenditure returns showing the 2016 - 2017 financial year items that were financed in 2017-2018 financial year. And that the completeness and accuracy of the summary of statement of appropriation could not be confirmed.

Management response

- 383.** The adjustments of Kshs.50,179,310 was the cashbook opening balance and the constituency allocation that had not been received by the constituency in the previous financial years. The cashbook extract and AIE's showing the receipt of funds in the subsequent financial year have been availed for review.

Committee Observation

- 384.** The Committee observed that management adjusted the cashbook balance in the subsequent year. The query was adequately addressed.

3. Other Grants and Transfers

- 385.** Included in other grants and other transfer expenditure of Kshs.30,335,100 is an amount of Kshs.800,000 under security expenses which was paid for the construction of a Chief's office. Although the amount was indicated in the cash book as paid but the examination of payments revealed that the cheques were drawn but not presented for payment, became stale after six months and was not reversed in the cashbook as required. As a result, the Other Grant and Transfers figure during the year have been overstated by Kshs.800,000.

Management Response

- 386.** The cheques were drawn in favor of Nyamagwa and Nyabite Chiefs' Offices. However, after drawing the cheques, it was realized that the PMCs were not in place. We were forced to hold the cheques awaiting formation of the PMCs – a process that delayed until the cheques got stale and had not been reversed by the time of the Audit.
- 387.** The PMC has since been formed and the cheques have been reversed and written afresh. The NG-CDFC minute (min4/18/03/2019), cashbook extract and completion certificate has been availed for review.
- 388.** Due to the rising cost of materials, the construction of Nyamagwa Chief's Office is not yet completed and requires more funding. NG-CDFC shall allocate more funds to complete the remaining activities.
- 389.** As for Nyabite Chief's Office, the project was allocated additional Kshs.200,000 for the Completion of Administration block; Plastering, painting, ceiling, wiring and general finishes of 7 rooms to completion. The funds are yet to be disbursed to the PMC.

Committee Observation

- 390.** The Committee observed that the query was adequately addressed.

4. Net financial position

- 391.** The statement of assets as at 30th June 2018 reflects total financial assets balance of 20,032,087. However, contrary to the guidelines issued by the public sector accounting standard board, the statement of assets shows net liabilities instead of the net financial position of 24,032,087.

Management Response

392. The template that was issued during that year indicated the net liabilities instead of net financial position. However, the template was later amended in the subsequent financial year to reflect the correct position.

Committee Observation

393. The Committee observed that the management ensured proper preparation in submitting financial statements in subsequent year. The query was adequately addressed.

5. Assets Register

394. That the summary of fixed assets registers under annexure 4 to the financial statements reflects various classes of noncurrent assets with historical cost totaling to Kshs.10,172,993. However, contrary to the requirements under regulation 143. (1) of the Public Financial Management (National Government) Regulations, 2015, the audit revealed the assets register was not maintained in a manner contemplated by the law.
395. Consequently, the accuracy and completeness of the fixed assets balance as at 30th June 2018 could not be confirmed.

Management Response

396. The constituency prepares an asset register as per the guidelines issued, however the asset register was updated and has been availed for review.

Committee Observation

397. The Committee observed that the management provided the updated fixed assets register. The query was adequately addressed.

6. Budget Performance Analysis

398. According to the statement of appropriation Bobasi NG-CDF management had budgeted to receive from the NGCDF Board was Kshs134,532,757 but the actual receipt were Kshs.84,353,447. The management had also budgeted to spend Kshs.138,354,870 but the Actual expenditure was Kshs.75,544,114 or 54.6%, resulting in under expenditure of Kshs.62,810,756 or 45.4 %.
399. The underutilization of the approved budget led to the fund not being able to achieve some of its core objectives thereby, impacting negatively on the efficiency and effectiveness of the service delivery to the constituents.

Management Response

400. The under receipt of funds and underutilization was as a result of the late release of funds from the exchequer. The funds were later received and utilized as required. AIEs showing receipt of funds have been availed for your review.

Committee Observation

401. The Committee observed that the query was adequately addressed.

7. Irregular Reallocation of Funds

402. It was noted that the funds totaling to Kshs.9,780,000 disbursed by the project management Committees for the budgeted purposes were diverted to other uses without approvals from the NG-CDF Board as detailed below;

Project Name	Project Amount Kshs.	Original Budgeted Activity	Diverted to
Rusinga Primary School	1,500,000	Construction of two 4 door toilet.	Construction of Toilets amounting to Kshs 500,000 Kshs 1,000,000 was spent on construction of a classroom.
Bosansa Primary School	500,000	Construction of one classroom.	•Roofing of 5 No classrooms •Flooring of 6 No classrooms
Gorofa ELCK primary school	1,000,000	Re roofing of 10 No classroom-	•Re-roofing of 4 No. classrooms •Painting of administration block and installation of metal doors and windows and plastering of the Kitchen •Erected structure for the Hall
Rogongo Secondary School	6,780,000	Purchase of school bus	Bus delivered to Nyamagwa girls Secondary School

403. Further, bills of quantities of the construction works for which the funds were diverted were not prepared. Section 5((2) of the National Government Constituencies Development Fund Act 2015 states that all disbursements from the Fund shall be for specific projects as submitted by the constituencies in accordance with the procedures outlined in the Act. The management therefore breached the law.

404. Consequently, the regularity and the value for money of the expenditure of Kshs. 9,780,000 could not be ascertained.

Management Response

405. The constituency disbursed the funds to the project Committees to fund the project activities as per the approved code list. However, the project Committees changed the project activity without informing the constituency. During the monitoring exercises by the constituency, it was noted the PMC's changed the project activities and the constituency ensures the PMC's

are well trained before any project starts so that they implement projects within the requirements. The projects were completed and are currently in use. Photos and completion certificates have been attached except Gorofa ELCK Primary School whereby the Committee will allocate more funds to complete the project.

Committee Observation

406. The Committee observed that management provided projects completion certificates for audit verification. The query was adequately addressed.

8. Stalled Projects

8.1 Construction of Classrooms at Nyamache Primary School

407. Included in the transfers to Other Government unit's expenditure of Kshs.34,318,697 is an amount of Kshs.1,000,000 which was paid for the construction of two new classrooms at Nyamache Primary school in the financial year 2017/2018. The physical verification of the project on 14 January 2019 revealed that the following listed works as per the bill of quantities were not undertaken and the classrooms were not in use despite the project having exhausted the allocated funds:

- i. Steel casement. Windows size 1200x1200 mm
- ii. Steel casement doors size 940x2100 mm
- iii. Painting works
- iv. Flooring of the verandah

408. Consequently, the regularity and value for money for the expenditure could be confirmed.

Management Response

409. Kshs.1,000,000 was allocated for the construction of two new classrooms however the project faced some challenges which led to the amount not being sufficient to complete the project. An additional Kshs.500,000 was allocated in financial year 2018/109 to fund the project to completion. The project is currently complete and in use. Photos and completion certificates have been attached.

Committee Observation

410. The Committee observed that the management confirmed that the project is complete and in use. Photos and completion certificates were provided for audit review. The query was adequately addressed.

8.2 Construction of Pit Latrine at Itumbe DOK Primary School

411. Included in the transfers to Other Government unit's expenditure Of Kshs.34,318,697 is an amount of Kshs.200,000 which was paid for the construction of a pit latrines Itumbe DOK Primary School. Physical verification of the project which was conducted on 16 January 2019 revealed that the following works as per the bill of quantities were not undertaken despite having exhausted all the funds.

- i. Number of iron sheets in the Bill of quantities was eight (8) costing Kshs.8,800 but only four iron (4) sheets were used.
 - ii. Plastering was done only in the inner walls of the latrine whereas the bill of quantities provided for 10 tons of sand costing Kshs.18,000 and thirty bags of cement costing 21,000.
- 412.** Consequently, the regularity and value for money for the expenditure of Kshs.200,000 could be confirmed.

Management Response

- 413.** Kshs.200,000 was allocated to Itumbe DOK Primary School for construction of two door pit latrine, however the project Committee undertook to construct three door pit latrine which led to the change of scope of the project and affected the quantities that were in the initial bill of quantities. The project photos and completion certificates have been availed for review.

Committee Observation

- 414.** The Committee observed that the project is now complete and use. The query was adequately addressed.

3.2.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1. Lack of Ownership Documents for school buses

- 415.** The statement of receipts and payments reflects transfers to other Government unit's expenditure of Kshs.30,679,998. As disclosed at Note 6 to the financial statements, the expenditure includes transfers of Kshs.27,040,000 to secondary schools, out of which an amount of Kshs.19,458,620 was used to purchase three (3) school buses as shown below;

School	Bus Registration No.	Amount (Kshs.)
Emenwa Secondary School	KCP 633K	6,429,310
Naikuru Secondary School	KCT 023Y	6,514,655
Rogongo Secondary School	KCT 201 Y	6,514,655
Total		19,458,620

- 416.** However, the log books for the buses were not provided for audit. Further, the buses were purchased through the direct procurement method from a supplier even though the conditions for use of the method, as provided under Section 103 (2) of Public Procurement and Asset Disposal Act, 2015, had not been met.
- 417.** Consequently, the validity of the expenditure and ownership of the buses, could not be confirmed.

Management response

418. As at the time of audit the log books had not been collected from the supplier. However, the log books have been availed for review except for Naikuru Secondary School where the PMC is on the process of paying the withholding tax.

Committee Observation

419. The Committee observed that management provided the two logbooks for the queried motor vehicles and the PMC are on the process of paying the withholding tax. The query was adequately addressed.

2. Unsupported Adjustments and Unutilised Funds

420. The summary statement of appropriation - recurrent and development combined reflects budget adjustments of Kshs.88,823,570 and a budget utilization difference of Kshs.96,740,376. However, the details of the projects approved in the prior year for implementation during the financial year 2018/2019 were not provided in support of the adjustments. Further, the budget utilization difference of Kshs.96,740,376 differed with the unutilized fund balance of Kshs.17,229,597 reflected under Note 15.3 to the financial statements by Kshs.79,510,779. The variance was not reconciled neither were the details of the unutilized funds provided under Annex 3 as required. In addition, the comparative balances for the unutilized funds have not been shown.
421. In the circumstances, the accuracy of the budget adjustments and the unutilized funds as at 30 June, 2019 could not be confirmed.

Management Response

422. The adjustments on the statement of appropriation were the balances that had not been received from the previous year and the opening cashbook balance for the year. The funds were approved in the previous years and the activities were to implemented when the funds were received.
423. Note 15.3 to the financial statements wrongly captured the unutilized funds and corrective adjustments were made in subsequent financial years financial statements.

Committee Observation

424. **The Committee observed that management ensured proper preparation in submitting financial statements in subsequent year. The query was adequately addressed.**

3. Unexplained Difference in the total Final Expenditure Budget

425. The summary statement of appropriation - recurrent and development combined reflects a total final expenditure budget of Kshs.197,864,446 which differs with the amount of Kshs.150,790,259 reflected in the statement of budget execution by programmes and sub-programmes. The resultant difference of Kshs.47,074,187 was not reconciled or explained.

Management Response

426. The budget execution statement had an error in the adjustments column which did not tally with the appropriation statement. Corrective adjustments were made in subsequent financial years financial statements.

Committee Observation

427. The Committee observed that the management ensured proper preparation in submitting financial statements in subsequent year. The query was adequately addressed.

4. Misstatements in the financial statements

428. The statement of assets and liabilities reflects a total financial assets balance of Kshs.17,841,120 which is represented by a net fund balance of Kshs.Kshs.10,711,100 resulting into a variance of Kshs.7,130,020.
429. The statement of cashflows shows a cash and cash equivalents balance of Kshs.10,711,100 (2018: Kshs.16,043,687) at the end of the year while the statement of assets and liabilities shows a total cash and cash equivalents balance of Kshs.17,841,120 (2018: Kshs.24,032,087). The resultant difference of Kshs.7,130,020 (2018: Kshs.7,988,400) has not been explained.
430. Note 10A to the financial statements reflects a comparative cash and cash equivalents balance of Kshs.4,902,983 which differs with the audited balance of Kshs.24,032,087 by Kshs.19,129,104.
431. Although Note 6 to the financial statements reflects transfers amounting to Kshs.3,139,998, Kshs.27,040,000 and Kshs.500,000 to primary schools, secondary schools and tertiary institutions respectively, the balances held in the bank accounts of various Project Management Committees have not been disclosed under Note 15.4 to the financial statements and Annex 5 as required.

Management Response

432. Kshs.17,841,120 was the correct cash and cash equivalent and the resultant t fund balance. The fund balance brought forward had an error in posting were corrected to reflect the correct balance in the subsequent financial year financial statements
433. Kshs.7,988,400 was an adjustment in the previous financial year which was to affect the comparative balances of the financial statements. The cashflow statement was corrected to reflect the correct balance in the subsequent financial year financial statements.
434. Kshs.24,032,087 was the correct opening balance for the financial year and the note 10A was corrected to reflect the correct balance in the subsequent financial year financial statements.
435. The project management Committee balances were not reported during the year due to the challenge of the bank providing us with the balances. The PMC account balances were however, captured in the subsequent financial years.

Committee Observation

- 436.** The Committee observed that the management ensured proper preparation in submitting financial statements in subsequent year. The query was adequately addressed.

5. Budget Performance and Control

- 437.** The summary statement of appropriation - recurrent and development combined reflects a final receipts budget and actual receipts on comparable basis of Kshs.197,864,446 and Kshs.119,823,570 respectively, resulting into an under-funding of Kshs.78,040,876 or 39% of the budget. Similarly, the Fund spent Kshs.101,124,070 against an approved budget of Kshs.197,864,446 resulting to an under-expenditure of Kshs.96,740,376 or 49% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.
- 438.** In the circumstances, the under collection of receipts and under-expenditure on the approved budget impacted negatively on the efficiency and effectiveness of the service delivery to the constituents.

Management Response

- 439.** The underfunding and underperformance were due to the delay in funding by the exchequer. However, the funds were received in the subsequent financial years and the activities undertaken to completion.

Committee Observation

- 440.** The Committee observed that the query was adequately addressed.

6. Construction of a Dormitory at Emenwa Secondary school

- 441.** As disclosed at Note 6 to the financial statements, the transfers of Kshs.30,679,998 to other government units included an amount of Kshs.27,040,000 transferred to secondary schools of which an amount of Kshs.2,000,000 was disbursed for construction of a dormitory at Emenwa Secondary School. However, the bill of quantities and drawings for the dormitory were not provided for audit. Further, examination of available documents revealed that the construction materials were procured in cash although they had exceeded the threshold of Kshs.5,000 per procurement item as provided under the First Schedule of the Public Procurement and Disposal (Amendment), Regulations, 2013.
- 442.** In addition, the School Administration reallocated Kshs.720,000 to drilling and casing of borehole, Kshs.360,500 to construction of pit latrine and Kshs.60,200 to fencing. No evidence was provided of approval of the reallocation as required under Section 6 (2) of the National Government Constituencies Development Fund Act, 2015, which provides that once funds

are allocated for a particular project, they shall remain allocated for that project and may only be reallocated for any other purpose during the financial year with the approval of the Board.

Management Response

- 443.** The constituency disbursed Kshs.2,000,000 to Emenwa Secondary School for construction of the dormitory as per the approved code list. The project was initiated and along the way the school diverted some funds to fund other projects not within the scope of works. This was however, discovered during M&E exercise despite the PMC having been trained by the NG-CDF Committee on prudent management of NG-CDF Funds. Thus, the project is not yet complete and the constituency will allocate more funding in the next financial year to complete the remaining activities: - plastering, electrical installation, painting, fixing of floor tiles and fixing of window panes. A photo of the current status of the project has been availed.

Committee Observation

- 444.** The Committee observed that the query was adequately addressed. Management was instructed to prioritize funding the project to completion.

7. Completion of Nyamagwa Chiefs Office

- 445.** The statement of receipts and payments reflects other grants and transfers of Kshs.52,501,588. As disclosed at Note 7 to the financial statements, the expenditure included security projects amounting to Kshs.800,000. An amount of Kshs.500,000 was disbursed to Nyamagwa Chief's Office of which Kshs.300,000 was paid for roofing, plastering and installation of steel doors while the remaining Kshs.200,000 was meant for construction of three (3) door pit latrines.
- 446.** However, audit inspection of the project on 10 March 2020 revealed that plastering had not been done yet it was paid for while the construction of the pit latrines had not commenced.
- 447.** In the circumstances, the value for money and regularity of the expenditure of Kshs.500,000 could not be confirmed.

Management Response

- 448.** During the time of audit, the project was under construction and was not done to completion, the Committee will allocate more funds to ensure it's done to completion.

Committee Observation

- 449.** The Committee observed that the project is now complete and in use. The query was adequately addressed.

8. Delay in Implementation of Innovation Hubs Project

- 450.** During the financial year 2017/2018, an amount of Kshs.3,507,770 was allocated for establishment of Innovation Hubs in three (3) secondary schools namely; St. Paul's Nyacheki Secondary School, Nyakegogi Secondary School and Rusinga Secondary School. Each secondary school was allocated Kshs.1,169,257.

451. The scope of the works included installation of satellite antennas, router, digital access kit and digital ruggedized tablets, Wi-Fi with outdoor wireless connectivity device complete with 12u cabinet and information accessories.

452. However, audit inspection on 10 March 2020 revealed that the Project had not been implemented. Although Management explained that the delay was due to lack of rooms for installation of the Hubs in the schools and that the Committee was considering construction of specific rooms to host the Hubs or seek re-allocation of the funds, no documentary evidence was provided of the action taken and the funds remained idle.

Management Response

453. During the time of audit, the projects remained unimplemented due to the challenge of the lack of rooms on whether equipment's were to be installed. The issue of space was not addressed and the projects were reallocated and the funds utilised in other projects. The approval for reallocation has been availed for review.

Committee Observation

454. The Committee observed that the project is complete and in use. The query was adequately addressed.

9. Stalled construction of a Library at Rogongo secondary school

455. An amount of Kshs.1,000,000 was disbursed to Rogongo Secondary School during the financial year 2017/2018 for construction of a library through labour - based contracting. The amount disbursed was used for the construction of sub structure, super structure and roofing. However, no funds were allocated for the Project in the financial year 2018/2019 and finishing works including plastering, painting, fixing of doors and windows, tiling and ceiling were not done.

456. The failure to finance the Project to completion during the year under review violates the provisions of Section 46(2) of the National Government Constituencies Development Fund Act, 2015 which requires ongoing projects to take precedence over all other projects in funding.

457. In the circumstances, Management was in breach of the Law and timely completion of the Project could not be confirmed.

Management Response

458. Funds amounting to Kshs.1,000,000 were disbursed to Rogongo Secondary School for construction of a library. The amount was not sufficient to complete the approved activities. The NG-CDFC intends to allocate more funds to the project in the next financial year. A photo of the current status of the project has been availed.

Committee Observation

459. The Committee observed that the photo of the current status of the project was availed for audit review. The query was addressed.

10. Irregular Variation of Contract for Construction of Bobasi Constituency Office

- 460.** The statement of receipts and payments reflects acquisition of assets expenditure of Kshs.6,081,105. The expenditure includes an amount of Kshs.5,068,105 which was allocated for the construction of the National Government Constituencies Development Fund - Bobasi Constituency Office. However, the tender was awarded to a contractor on 3 May 2019 for a contract period of forty-eight (48) weeks at a contract sum of Kshs.17,387,410 which exceeded the budgeted amount of Kshs.5,918,105 by Kshs.11,469,305. The contract sum was later revised by Kshs.8,142,695 or 47% to Kshs.25,530,105 and the revised works commenced on 14 May 2019.
- 461.** The variation was approved on 11 March 2020, which is a period of 10 months from the date of commencement of the contract and therefore contrary to Section 139 (3) of the Public Procurement and Asset Disposal Act, 2015 which provides that no contract price shall be varied upwards within twelve (12) months from the date of signing the contract. The variation was also in contravention of Section 139 (6) of the Public Procurement and Asset Disposal Act, 2015 which provides that where variations result in an increment of the contract price by more than twenty-five percent (25%), such variations shall be tendered for separately.
- 462.** In the circumstances, the regularity and value for money of the revised contract sum of Kshs.25,530,105 could not be confirmed.

Management Response

- 463.** Kshs.17,387,410 was the original contract as per the Bill of Quantities. The NG-CDFC however considered increasing the office space by elevating a section of the office which was to remain on the ground floor to first floor. The additional cost of the increased office space was Kshs. 4,317,105. This increased the total construction cost to 21,704,515. Attached please find the Bill of Quantities completion certificate, payment vouchers, approved codelist and office photo.

Committee Observation

- 464.** The Committee observed that the office is now complete and in use. The query was adequately addressed.

11. Reallocation of Funds Without Authority

- 465.** Note 6 to the financial statements reflects expenditure of Kshs.30,679,998 under transfers to other government units which includes Kshs.3,139,998 transferred to primary schools of which Kshs.1,000,000 was disbursed to the Project Management Committee of Nyachogochogo Primary School for the renovation of six (6) classrooms.
- 466.** However, audit inspection of the Project on 10 March 2020 revealed that, the funds were reallocated to the construction of two (2) classrooms without the authority of the Board as stipulated in Section 6 (2) of the National Government Constituencies Development Fund Act, 2015. Consequently, the Management was in breach of the Law.

Management Response

467. The constituency disbursed the funds to the project Committees to fund the project activities as per the approved code list. However, the project Committees changed the project activity without informing the constituency. During the monitoring exercises by the constituency, it was noted the PMC's changed the project activities despite the constituency having well trained the PMC's before the projects started so that they could implement projects within the requirements. The project was completed and is currently in use.

Committee Observation

468. **The Committee observed that the project is now complete and in use. The query was adequately addressed.**

3.2.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1. Bursary Disbursements

469. The statement of receipts and payments reflects under other grants and other payments expenditure of Kshs.48,281,357 for the year ended 30 June 2020. The expenditure includes an amount of Kshs.31,155,500 which was disbursed as bursaries to students in various learning institutions. However, out of the total bursary disbursements, an amount of Kshs.1,229,000 was not supported by evidence of this amount being received by the relevant learning institutions.

470. Consequently, the accuracy, validity and regularity of the expenditure of Kshs.1,229,000 for the year ended 30 June 2020 could not be confirmed.

Management Response

471. The NG-CDF Committee – Bobasi constituency adopted a system disbursing bursary funds to students by drawing individual cheques as opposed to institutional where in most cases cheques could be confirmed by students as having reached their institutions but there were inherent delays to have the cheques credited to the individual students' fee accounts. While this method mitigates loss of bursary funds in various institutions, following up acknowledgements for individual beneficiaries from various institutions has been a uphill task with institutions claiming it is tedious for them to do acknowledgements for every individual beneficiary.

Committee Observation

472. **The Committee observed that the bursary receipts and cheques were provided for audit verification. The query was adequately addressed.**

2. Summary statement of Appropriation

473. The summary statement of appropriation reflected transfers from the Board of Kshs.145,982,976 while the statement of receipts and payments reflects Kshs.135,240,876 leading to an unreconciled variance of Kshs.10,742,100.

474. Consequently, the accuracy, validity and completeness of the transfers of Kshs.145,982,976 for the year ended 30 June 2020 could not be confirmed.

Management Response

475. The statement of appropriation indicates actual receipts of Kshs.153,081,996 which represent the funds received from the board of Kshs.135,240,876 and the opening cashbook balance of Kshs.17,841,120 as per the financial statements availed for review.

Committee Observation

476. **The Committee observed that cashbook balances have been availed for audit verification. The query was adequately addressed.**

3. Budgetary Control and Performance

477. The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.224,580,720 and Kshs.145,982,976 respectively resulting to an under funding of Kshs.78,597,744, or 35 % of the budget.

478. Similarly, the actual expenditure reflects a balance of Kshs.124,542,163 against an approved budget of Kshs.224,580,720 resulting to an under-expenditure of Kshs.100,038,557 or 45% of the budget. The underfunding and under performance affected the planned activities and may have impacted negatively on service delivery to the Citizens.

Management Response

479. The management wishes to state that the low absorption rate resulted from the late disbursement of project funds from the NG-CDF Board. However, the funds were later received and projects implemented as required. Copies of AIEs have been attached for your review.

Committee Observation

480. **The Committee observed that the query was adequately addressed.**

4. Un-Implemented Projects

481. The constituency was allocated Kshs.3,507,770 for establishment of innovation hubs at St. Paul's Nyacheki, Nyakegogi and Rusinga Secondary Schools for Kshs.1,169,2570 each. The Constituency Committee resolved to reallocate the funds to other projects due to lack of rooms for installation of the innovation hub. However, Management did not explain why they never allocated extra funds for the construction of the rooms in the selected schools

482. Consequently, the intended beneficiaries did not get the benefits due from the innovation hubs.

Management Response

483. The management confirms the true observation of the auditors that during the financial year 2017/2018, the constituency was allocated Kshs.3,507,770 for establishment of innovation

hubs at St. Paul's Nyacheki Secondary School, Nyakegogi Secondary School and Rusinga Secondary School each at Kshs.1,169,256.80 and that despite that funds were provided; the activities had not been implemented as at the time of audit.

- 484.** The delay in implementation is mainly due to lack of rooms for installation of innovation hubs in the said institutions. The NG-CDF Committee has since reallocated the funds to other viable projects. Reallocation schedules and approval have been attached for your review.

Committee Observation

- 485.** The Committee observed that the reallocation schedules and approval were availed for audit verification. The query was adequately addressed.

5. Construction of Dormitory at Rianyachuba Secondary School

- 486.** Included in the transfers to other government units balance of Kshs.42,355,000 is Kshs.21,655,000 relating to transfers to secondary schools which further includes Kshs.1,000,000 disbursed to Rianyachuba Secondary School for the construction of an administration block. However, the funds were diverted to construction of a dormitory without the approval of the Board contrary to the provisions of Section 6(2) of the National Government Constituencies Development Fund Act, 2015. Consequently, the Fund Management was in breach of the law.

Management Response

- 487.** By the time NG-CDFC disbursed funds to the school, the PMC had completed the administration block through other source of funding.
- 488.** On receiving the NG-CDF funding, the PMC started construction of a dormitory without informing the NG-CDF Committee of the change of project activity, despite the NG-CDFC having trained the PMCs on the requirements for implementation of projects and procedure for change of activity when necessary. The project was however not completed. The NG-CDFC added Kshs.1,000,000 in the financial year 2022/2023 for completion of the dormitory which is still under construction and the contractor is on site. Photo attached for your review.

Committee Observation

- 489.** The Committee observed that the project is complete and in use. The query was adequately addressed.

6. Reallocation of Funds

- 490.** Included in the transfers to other government units balance of Kshs.42,355,000 is Kshs.19,700,000 for transfers to primary schools which further included Kshs.3,500,000 disbursed to four (4) primary schools for the construction of classrooms. A physical verification done in the month of February 2021 revealed that the funds disbursed to the four schools were diverted to renovation of classrooms without the approval of the Board as

stipulated in the National Government Constituencies Development Fund Act, 2015, Section 6(2). Consequently, the Fund Management was in breach of the law.

Management Response

491. On receiving the NG-CDF funding, the PMC reallocated the funds to renovation of classrooms as opposed to construction of classrooms without informing the NG-CDF Committee of the change of project activity. The NG-CDF Committee has since undertaken capacity building for the PMCs to induct them on, among other issues, the procedure of making such changes in future.

Committee Observation

492. The Committee observed that the project is now complete and in use. The query was adequately addressed.

7. Construction of Laboratory Block at Enchoro PEFA Secondary School

493. Included in the transfer to other government units balance of Kshs.42,355,000 in the statement of receipts and payments is Kshs.21,655,000 for transfers to secondary schools which further includes a disbursement of Kshs.600,000 to Enchoro PEFA Secondary School for the completion of a laboratory block. However, a physical verification revealed that the project stalled with various activities including plastering, flooring and painting works still outstanding.

494. Consequently, the value for money of Ksh.600,000 for the year ended 30 June 2020 could not be confirmed

Management Response

495. It is true that the said project was allocated Kshs.600,000 for the completion of laboratory block. However, the amount allocated then was insufficient to complete the project; remaining activities being plastering, flooring and painting of internal and external walls.
496. The management plans to allocate more funds towards the project for completion in the coming financial year.

Committee Observation

497. The Committee observed that the project is incomplete and that management plans to allocate funds in next financial year project proposal to complete the project. The query is not addressed.

8. Purchase of the Bus for Borangi SDA Secondary School

498. Included in the transfers to other government units balance of Kshs.42,355,000 in the statement of receipts and payments is Kshs.21,655,000 for transfers to secondary schools which further includes Kshs.7,200,000 in respect of purchase of a 51-seater school bus for Borangi SDA secondary school. The bus was purchased through direct procurement contrary to Section 91(1) of the Public Procurement and Asset Disposal Act, 2015 which states that

open tendering shall be preferred procurement method for procurements of goods, works and services.

499. Consequently, value for money for the expenditure of Kshs.7,200,000 for the year ended 30 June 2020 could not be confirmed.

Management Response

500. The school preferred Isuzu Bus. Using a circular from the ministry of transport which stipulated the cost of school buses, the NG-CDF Purchased the Bus directly from associated motors (dealers in Isuzu vehicles) since their quotation was within the stipulated cost by the Government. The Auditors however rightly pointed out that competition should have been allowed among various Isuzu dealers. Given the advice from the Auditors, NG-CDFC has committed to follow the audit advice in any other future Bus acquisitions for schools.

501. The Government circular on cost of school buses is hereby availed.

Committee Observation

502. The Committee observed that the school bus was delivered and is currently in use. The query was adequately addressed.

9. Emergency Projects

503. Included in other grants and other payments balance of Kshs.50,050,457 are payments of Kshs.11,044,040 for emergency projects which further included expenditures worth Kshs.2,300,000 in respect of disbursements to seven (7) schools for various projects, all of which were paid in cash. The payments for procurement of works for amounts ranging between Kshs.300,000 and Kshs.500,000 exceeded the low value cash purchase limit of Kshs.5,000 for entities in class "C" in which the Fund falls. Further, minutes from the CDF Board were not provided for audit review and therefore it was not possible to confirm that the projects met the criteria for emergency projects as specified under Section 8(3) of the National Government Constituencies Development Fund Act, 2015.

504. Consequently, the regularity and value for money of the expenditure of Kshs.2,300,000 for the year ended 30 June 2020 could not be confirmed and the Fund Management was in breach of the law.

Management Response

505. Most PMCs undertake projects through labour-based contracts where they purchase the materials locally and pay the workers directly. The NG-CDFC has undertaken capacity building for the PMCs to ensure that they follow procurement laws strictly after receiving the NG-CDFC funding.

Committee Observation

506. The Committee observed that the project is now complete and in use. The query was adequately addressed.

3.2.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1. Budgetary Control and Performance

507. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.238,167,435 and Kshs.187,478,556 respectively resulting to an underfunding of Kshs.50,688,879 or 21% of the budget. Similarly, the fund spent Kshs.170,642,698 against an approved budget of Kshs.238,167,436 resulting to an under expenditure of Kshs.67,524,743 or 28% of the budget.

Management Response

508. The underfunding of projects was occasioned by delays in release of funds from the NG-CDF Board. Further, we wish to state that the Covid-19 pandemic also affected greatly the projects funding and implementation as well. However, after release of funds, projects were timely implemented.

Committee Observation

509. The Committee observed that the query was adequately addressed.

2. Unresolved prior year matters

510. In the Audit report of the previous year, several issues were raised under the report on financial statements and report on lawfulness and effectiveness in use of public resources. However, the management has not resolved the issues or given any explanation for failure to implement the audit recommendations.

Management Response

511. The management wishes to state that the issues raised by the Auditor in respect to the financial statements and lawfulness and effectiveness in use of public resources were fully resolved and responded to accordingly in our response to the management letter and subsequently, the response to the draft report.

Committee Observation

512. The Committee observed that the query was adequately addressed.

3. Unauthorized Construction of Classrooms at Mogonga Secondary School

513. Review of expenditure records established that Kshs.1,000,000 was disbursed for construction of two classrooms at Mogonga Secondary School instead of cofounding the construction of 100 bed dormitory as approved in the budget.

514. The management did not provide for audit an approved request for change of the project activity in line with Regulation 54(1) of the Public Finance Management Regulations (National Government, 2015) which provides that an Accounting Officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities.

Management Response

- 515.** It is true that the original works were for construction of a 100-bed dormitory. However, the decision to spend Kshs.1,000,000 towards construction of new classrooms was occasioned by the upsurge in school enrolment in the said institution following the GOK'S Insistence to effect 100% transition in education. The PMC illegally reallocated funds towards construction of 2 classes to accommodate the new enrolments contrary to the requirement that an official authority ought to have been sought prior to that. Regrettably, the anomaly was discovered during our M&E Visit and the NG-CDFC reprimanded the PMC accordingly.
- 516.** The management has hereby promised to strictly highlight the same during the next PMC training. Attached is project photo and completion certificate.

Committee Observation

- 517.** The Committee observed that the project is now complete and in use. The query was adequately addressed.

4. Incomplete Primary and Secondary Schools Projects

- 518.** Review of documents and physical verification in April 2022 revealed that five (4) projects in respect of incompleteness of a library at a secondary school and renovation of classrooms in one secondary and two primary schools costing Kshs.3,682,975 remained incomplete. This was despite the respective project management Committee having exhausted the allocated funds. In the circumstance the public may not get the value for money on the Kshs.3,682,975 incurred on the implementation of the four projects.

Management response

- 519. Nyabiosi secondary school** – During the financial year under review, the project received funding of Kshs.1,000,000 for completion of library and administration office. However, due to the rising cost of materials, the project was not done to completion. NG-CDFC shall allocate more funds to complete the project.
- 520. Getai secondary school** contrary to the observation of the Auditors, during the financial year under review, the project received funding of Kshs.1,000,000 for construction of two classrooms. However, due to the rising cost of materials, the project was not done to completion. NG-CDFC is aware of the status of the project and has allocated more funds in 2023/2024 FY to complete the project.
- 521. Bendera primary school and Getunwa primary school** it is true that during the financial year under review, the said projects were allocated Kshs.800,000 and Kshs.882,975 respectively for renovation of 8 classrooms each. However, due to the rising cost of materials, the projects were not done to completion. NG-CDFC is aware of the status of these project and shall allocate more funds in the next financial year to complete the remaining works.
- 522.** Further, Management wishes to state that in deed as observed by the Auditor, delays in implementation of approved projects may potentially deny constituents benefits and services that would have accrued had such projects been implemented timely.

- 523.** Management hereby asserts that the delay in implementation of such projects is often as a result of exiguous constraints such as delays by the NG-CDF Board to release funds to the constituency accounts and/or the concerned PMCs failure to fastrack compliance e.g., procurement accounting of previous funding via submission of expenditure returns to the NG-CDF office.

Committee Observation

- 524.** The Committee observed that the management plans to allocate funds in next financial year project proposal to complete the project. The query is not addressed.

3.2.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1. Budgetary Control and Performance

- 525.** That the statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.204,613,623 and Kshs.192,524,743 respectively resulting to an under funding of Kshs.12,088,879 or 6%. Similarly, the Fund expended Kshs.164,802,092 against an approved budget of Kshs.204,613,623 resulting to an under-expenditure of Kshs.39,811,531 or 19% of the approved budget.
- 526.** The underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the residents of Bobasi Constituency.

Management Response

- 527.** We wish to state that the under expenditure of Kshs.39,811,531 realized was as a result of the delayed funding by the NG-CDF Board. However, the funds were later received and projects implemented accordingly.

Committee Observation

- 528.** The Committee observed that the AIEs were availed to the Office of the Auditor General for verification. The query was adequately addressed.

2. Failure to Constitute Project Management Committee for the Sports Project

- 529.** That the statement of receipt and payments reflects other grants and transfers of Kshs.68,591,885 which includes sports expenditure of Kshs.3,117,750 as disclosed in Note 7 to the financial statements.
- 530.** However, review of the records revealed that the projects were implemented without involving the project management Committees as required by Regulation 15(1) of the National Government Constituency Development Regulations, 2016 which states that there shall be appointed a project management Committee for each project in a Constituency which shall—(a) implement projects in consultation with the relevant departments of government; (b) maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented; (c) open and maintain an independent bank account for each project; (d) prepare returns and file them with a Constituency Committee.

Management Response

531. The Project Management Committee on sports was not constituted during the financial year under review. However, the management has taken note of the auditor's advice and shall implement it going forward.

Committee Observation

532. The Committee observed that the management projected to constitute the sports PMC in the subsequent year. The query was adequately addressed.

3. Incomplete Primary and Secondary Schools Projects

533. The statement of receipts and payments reflects transfers to other government units of Kshs.76,592,782 which as disclosed in Note 6 to the financial statements. However, field verification at the time of audit on 15 March 2023 revealed that projects with a budget amount of Kshs.8,600,000 were incomplete despite the respective PMCs having exhausted all the funds allocated for the projects. In addition, Management did not provide proof that additional funds had been allocated for completion of the remaining works.

Name	Project Amount	Description of Works	Work Done	Remaining Works
Nyangose SDA Primary School	2,500,000	Construction of 100 capacity Library	Super Structure complete	Plastering, Flooring, Fixing of doors and windows, Electrical works and painting
Rogongo Primary School	1,000,000	Renovation to completion of 8 class rooms	Re-roofing for 5 class, plastering inside done	Plastering outside, painting, flooring for 3 class, roofing for 3 class rooms
Riamangerere Primary School	1,000,000	Construction of admin block, comprising of staffroom, head teacher and deputy office and store	Roofing, walling, steel doors and windows	Plastering, painting, branding
Turwa Primary School	1,000,000	Construction of admin block comprising of staffroom, head teacher and deputy office and store	Roofing, walling, Steel doors and windows	Plastering, painting, flooring and branding
Riontweka Secondary School	1,700,000	Construction of two classrooms	walling complete	Roofing, Steel doors & windows Plastering, Painting, Flooring & branding

Enchoro Secondary School	400,000	Completion of 80 student's lab by construction of worktops, plumbing	Worktops Half done	Plumbing, Painting not done
Nyagiki Primary School	1,000,000	Renovation of 10 classrooms	Roofing, extension of veranda done	Flooring, Plastering, Painting, Installation of steel doors & windows
Total	8,600,000			

534. In the circumstances, the benefits expected from the expenditure of Kshs.8,600,00 on the project have not been realized by the residents of Bobasi Constituency.

Management response

535. As observed by the Auditors, as at the time of audit, the said projects were incomplete despite the respective PMCs having exhausted all the funds allocated for the projects. This is because the funds allocated to them were not sufficient to complete the project activities following the rising cost of materials. The management will consider additional funding to these projects in our next financial year's project proposal.

Name	Project Amount	Description Of Works	Work Done	Remaining Works	Status
Nyangose SDA primary school	2,500,000	Construction of 100 capacity Library	Super Structure complete	Plastering, Flooring, Fixing of doors and windows, Electrical works and painting	Not complete
Rogongo Primary School	1,000,000	Renovation to completion of 8 class rooms	Re-roofing for 5 class, plastering inside done	Plastering outside, painting, flooring for 3 class, roofing for 3 class rooms	Not Completed
Riamangerere Primary School	1,000,000	Construction of admin block, comprising of staffroom, head teacher and deputy office and store	Roofing, walling, steel doors and windows	Plastering, painting, branding	Not Complete
Turwa primary School	1,000,000	Construction of admin block comprising of staffroom,	Roofing, walling, Steel doors	Plastering, painting, flooring and branding	Not Complete. Committee allocated Kshs. 500,000 for

		head teacher and deputy office & store	and windows		completion FY 2023/2024
Riontweka Secondary School	1,700,000	Construction of two classrooms	walling complete	Roofing, Steel doors & windows Plastering, Painting, Flooring & branding	Ongoing (Contractor on site)
Enchoro Secondary School	400,000	Completion of 80 student's lab by construction of workshops, plumbing	Worktops Half done	Plumbing, Painting not done	Not Complete. Committee allocated Kshs. 1,000,000 for completion. 2023/2024FY
Nyagiki Primary School	1,000,000	Renovation of 10 classrooms	Roofing, extension of veranda done	Flooring, Plastering, Painting, Installation of steel doors & windows	Not complete
Total	8,600,000				

Committee Observation

536. The Committee observed that the management proposed to allocate funds in next financial year project proposal to complete the project.

4. Sub-Standard Works on Construction of Latrine/Pit Toilets

537. The statement of receipt and payments reflects other grants and transfers of Kshs.68,591,885 which includes environmental projects of Kshs.5,284,337 and emergency projects of Kshs.9,944,698 as disclosed in Note 7 to the financial statements. Review of records revealed that Management disbursed amount totaling to Kshs.4,900,000 towards construction of latrine/toilet in various primary and secondary schools within the constituency. However, field verification revealed that the toilet/latrine structures were incomplete and additional funds had not been budgeted to ensure their completion.

538. In the circumstances, the value for money from the expenditure of Kshs.4,900,00 expended on the projects for the year ended 30 June 2022 could not be confirmed.

Management Response

539. Management wishes to confirm the disbursement of amounts totaling to Kshs.4,900,000 towards construction of pit latrines / toilets in various primary and secondary schools. The

amounts allocated, were however not sufficient to complete the projects following the rising cost of materials. However, by the time the management was preparing the budget proposal for the financial year 2022/2023, the PMCs for these projects were still on with implementation of various activities on the ground. It was not possible then to realize that the projects would not be completed with the amount allocated to them, thus, they were not considered for additional funding in the budget proposal. The management will consider additional funding to these projects in our next financial year's project proposal after evaluation of the remaining works has been done by the public works officer.

Committee Observation

540. The Committee observed that the query was adequately addressed.

3.3 AWENDO CONSTITUENCY

541. The Fund Account Manager for **Awendo Constituency** appeared before the Committee on Thursday, 1st August 2024, tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows:

3.3.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Procurement of School Laboratory

542. The Constituency Development Fund management purchased school lab equipment for distribution to schools at a cost of Kshs.4, 099,819 in the year under review through request for quotation contrary to the provisions of Public Procurement and Disposal Act. Further, the management did not appoint an inspection and acceptance Committee for the procurement. A spot check in some schools identified for distribution of the lab equipment indicated that the purchased items had been partly delivered despite the fact that the supplier had been fully paid.

Management Response

543. The Fund Account Manager submitted that management used request for quotations because the items were of low value but cumulatively, they were material. At the time of purchase, there were no prequalified suppliers for supply of laboratory equipment's therefore the quotations were sent to existing suppliers from reputable outlets. Attached are the minutes that appointed inspection and acceptance Committee, inspection and acceptance Committee report and delivery note and request for quotation.

Committee Observation

544. The Committee observed that the minutes of appointment of inspection and acceptance Committee, request for quotation and delivery notes were availed for audit verification. The query was adequately addressed.

2. Transfer to other Government Units

545. The Constituency Development Fund Committee (CDFC) disbursed Kshs.20, 982,213 in the year under review to various schools and Health facilities for construction and renovations of facilities. Inspection of selected facilities revealed that they had established tender Committees in place. However, the tender Committees of the procuring entities were not involved in the tendering process of the projects in their institutions. The CDFC tender Committee was the one that participated in the tendering process.

546. The CDFC did not pre-qualify suppliers to whom quotations would be sent and has indicated that they used the list of prequalify suppliers and contractors of Migori County Government. However, no evidence was availed for audit review which approved the use of pre-Qualified suppliers of Migori County Government.

Management Response

- 547.** The Fund Account Manager submitted that PMC were not involved since they didn't have the capacity to procure. Therefore, NGCDFC decided to take up the procurement process. It should however be noted that the various ad hoc procurement Committees did not include any NGCDFC members. Further, the management has undertaken training of the PMC on procurement procedure to address the gap.

Committee Observation

- 548.** The Committee observed that the list of prequalified suppliers from the County Government of Migori were availed for audit verification. The query was adequately addressed.

Other Matter

3. Revision books acquired by the Constituency

- 549.** Development Fund at the Cost of Kshs.472,050 for donation to schools were branded with the portrait and the name of the area Member of Parliament contrary to the CDF Act, 2013 Section 22(4) which requires that funds provided under this Act shall not be used for the purpose of supporting political bodies or political activities. My opinion is not qualified in respect to the above matter.

Management Response

- 550.** The Fund Account Manager submitted that management concurs with auditor's observation going forward the management will comply with the provision of NGCDF Act.

Committee Observation

- 551.** The Committee observed that the query was adequately addressed.

3.3.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1. Cash and Cash Equivalent

- 552.** The cash and cash equivalent reflected Kshs.28,627,240 as the bank balance as at 30 June 2015. However, bank certificate of balance revealed bank balance of Kshs.25, 627,240 resulting in an unexplained difference of Kshs.3,122,191. Further, there were payments in the bank statement totaling Kshs.179,409.75 not recorded in the cash book leading to understatement of the payments in the statement of the receipt and payment. Consequently, the accuracy of the cash and cash equivalent balance of Kshs.28,627,240 could not be ascertained.

Management Response

- 553.** Fund Account Manager submitted that due to migration from cooperative bank Migori branch to Equity bank Awendo, the entity was holding two accounts, one at coop bank with balance of Kshs.3,122,191 as at 30th June 2015. This was kept active for six months to enable clearance

of all issued cheques before ultimate closure as indicated in note 10A to the financial statement, while Ksh.25,627,240 was the balance at equity bank. The Kshs.179,409.75 was noted and recorded in the cash book. These were accumulated bank charges over time which was not paid in the cashbook at the time of audit.

Committee Observation

554. The Committee observed that cashbook extract, bank certificates and copies of bank statements were availed to the auditors for verification. The query was adequately addressed.

2. Summary Statement of Appropriation

555. The summary statement of appropriation indicates that the current year's final budget figures for total receipts and payments as Kshs.131, 881,142 respectively. However, a record from the CDF board indicates a final approved budget approved budget figure of Kshs.102, 020,193 leading to un-reconciled variance of Kshs.29, 860,949. Consequently, the accuracy of the summary statement of appropriation for the year ended 30 June 2015 could not be confirmed.

Management Response

556. The Fund Account Manager submitted that the approved original budget for the year 2014/2015 was Ksh.102,020,193; the fund balance from the previous financial year 2013/2014 was Ksh.29,860,949 leading to a total of Kshs.131,862,142 due for projects.

Committee Observation

557. The Committee observed that the bank statements were availed for audit verification. The query was adequately addressed.

3. Procurement of Strategic Plan

558. Included in other payments of Kshs.7,208,801 is Kshs.1, 200,000 paid for preparation of constituency Strategic Plan at a cost of Kshs.800,000. However, audit examination revealed that the Vendor had been paid a total of Kshs.1,200,000 as at 30 June 2015 resulting in an unexplained overpayment of Kshs.400,000. No explanation was provided for the anomaly.

Management Response

559. The Fund Account Manager submitted that there was payment of ksh800, 000 done to facilitate the printing and production copies of strategic plan as per invoice and delivery no:0405 while the second payment of Kshs.400,000 was used in the payment of participants as per the payment schedule dated 21/2/2015-22/02/2015.

Committee Observation

560. The Committee observed that the invoice, delivery note and payment schedule were availed for audit verification. The query was adequately addressed.

4. Procurement of Services

561. Included in the use of goods and services figure of Kshs.3,535,234 is Kshs.242,000 and Kshs.466, 570 in respect of legal services and consultancy on environment respectively. The Fund management did not avail tender documents for the above services. Consequently, it was not possible to confirm the propriety and value for the money spent on above services.

Management Response

562. The Fund Account Manager submitted that NGCDFC acknowledge not following the procurement process which is highly regrettable. However, the management has put in place the necessary control to help in the management on such issues if they arise.

Committee Observation

563. The Committee observed that the procurement process was irregular, however the query was addressed.

Committee Recommendation

564. The Committee recommends that the management should ensure that the PMCs receive adequate training and oversight to prevent future irregular procurement.

Other Matter

5. Budget Implementation Analysis 2014/2015

565. During the year under review, the constituency budgeted to spend Kshs.102,020,193 on various transfers and projects while the actual expenditure totaled to Kshs.87,979,803 as highlighted below:

	Final Budget	Actual Expenditure	Under Expenses	Over Expenses	Under/Over Absorption
Administration	12,481,817	8,625,588	3,856,229		69%
Emergency	5,400,259	4,880,000	520,259		90%
Sports	2,040,404	2,444,500		404,096	120%
Bursary Secondary Schools	7,300,000	7,300,000	0	0	100%
Bursary Tertiary Schools	12,800,000	12,800,000	0	0	100%
Mocks/Evaluation	755,809	755,809	0	0	100%
Primary Schools	8,652,000	5,382,431	3,269,569		65%

Secondary Schools	13,549,500	12,100,000	1,449,500		100%
Awendo DEO's office	400,000	400,000	0	0	100%
Health	5,700,000	5,700,000	0	0	100%
Environmental	2,040,404	307,500	0	0	100%
Security	13,300,000	13,300,000	0	0	100%
Others	7,400,000	6,549,500	850,500		89%
Awendo CDF Office	10,000,000	5,601,571	4,398,429		56%
Water	200,000	100,000	100,000		50%
	102,020,193	87,979,803	14,444,486	404,096	86%

Management Response

566. The management of the Fund exceeded the approved budget by 20% on Sports. No explanation was provided by the management on over expenditure.

- i. The fund management under spent on the budget by 31% on administration, by 10% on emergency, by 35% on primary was provided by the management on under expenditures.
- ii. A review of the cash book report for the year under review revealed unusual total actual expenditure on nine (9) items totaling one hundred percent (100%) of the budgeted provision which appeared non-realistic.
- iii. The variance between an amount of actual expenditure in the statement on receipts and payments and the actual budget implementation of Kshs.15, 274,100 was financed by the bank balance bought forward from 2012/2013 of Kshs.29,841,949.
- iv. The reconciled bank balance revealed that the constituency had Kshs.28,627,240 as at 30 June 2015.

Committee Observation

567. The Committee observed that the query was adequately addressed.

3.3.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1. Transfers to Other Governments Units

568. The management Committee disbursed a total of Kshs.47,343,981 in form of transfers to other Government units during the year under review as reflected in the statement of receipts and payments. These funds were administered through project management Committees (PMCs) spread throughout the constituency. However, disbursements totaling Kshs.27,257,000 out of a total of Kshs.47,343,981 made to various PMCs were not adequately

supported with complete expenditure returns including cashbooks, bank statements, stores records, minutes, and other relevant accounting documents. Consequently, in the absence of the support documents, it has not been possible to confirm the propriety of Kshs.27, 257,000. Disbursed for various activities. Were unpresented cheques totaling Ksh.2,597, 333 out of which old cheques worth Ksh.830, 630 had not been reversed in the cash book and were therefore stale. Consequently, the accuracy of the cash and cash equivalents balance of Ksh.3, 509,676 as at 30 June 2017 cannot be confirmed.

Management Response

569. The account manager submitted that management Concurs with the auditor's observation that the documents were not available. At the time, the PMCs were lacking basic book keeping knowledge to prepare cash book, bank reconciliation statements and other accounting documents. Store records were also not available since in Awendo we were doing full contracts. However, we managed to get all the PMC Bank statement, PMC Minutes and award letters. The majority of stale were bursary cheques which beneficiaries did not present to the institutions. The management was in process of identifying the new beneficiary of the Stale Cheques of Ksh.830, 630 and once done they will be reversed. Reversed and replaced in the cashbook in subsequent financial year as per the attached cash book extracts.

Committee Observation

570. The Committee observed that the PMC bank statements, PMC minutes and award letters were available for audit verification. The query was adequately addressed.

2. Other Grants and Transfers

2.1 Sports Projects

571. Included in other grants and transfers figure of Kshs.45,116,739 are payments for sports projects amounting to Kshs.2,031,500 as per note 7 to the financial statements. However, site minutes, inspection certificates, and other relevant accounting documents were not provided for audit review.

Management Response

572. The Fund Account Manager submitted that It's regrettable that the file was not given for audit review. The management noted it and consequently availed the needed document for audit verification including photos.

Committee Observation

573. The Committee observed that the inspection and acceptance Committee report, site minutes and photos were available for audit verification. The query was adequately addressed.

2.2 Security Projects

574. Included in other grants and transfers figure of Kshs.45,116,739 are payments for security projects amounting to Kshs.13,775,000 as per note 7 to the financial statements. However, complete expenditure returns including cashbooks, bank statements, invoices, site minutes, inspection certificates, and other relevant accounting documents were not provided for audit review. Consequently, the propriety of other grants and transfers of Kshs.13,775,000 for the year ended 30 June 2016 could not be confirmed.

Management Response

575. The Fund Account Manager submitted that management Concurs with the auditor's observation that the documents were not availed. At the time, the PMCs were lacking basic book keeping knowledge to prepare cash book, bank reconciliation statements and other accounting documents. Store records were also not available since in Awendo we were doing full contracts. However, we managed to get all the PMC Bank statement, some PMC Minutes and award letters.

Committee Observation

576. The Committee observed that the PMC bank statements, PMC minutes and award letters were availed for audit verification. The query was adequately addressed.

3. Cash and Cash Equivalents

3.1 Bank Balances

577. The statement of assets reflects bank balance as at 30 June 2016 as Kshs.7,955,388. The constituency fund management operated two bank accounts, one at Equity Bank with a balance of fish. 7,955,388 and the other at cooperative Bank with a nil balance as at 30 June 2016 as indicated in note 10 to the financial statements. However, no records were provided for audit review to support transactions during the year and the nil balance at Cooperative Bank as at 30 June 2016 yet the account had not been closed.

Management Response

578. The Fund Account Manager submitted that management did not anticipate that the bank statement of a defunct account would be needed. Management regrets this. However, the management has managed to secure bank statement from Equity bank for the period under review showing the receipt of the amount.

Committee Observation

579. The Committee observed that the bank statements were availed for audit verification. The query was adequately addressed.

3.2 Stale Cheques

580. A review of Equity Bank reconciliation statement revealed unpresented cheques balance of Kshs.13,027,178 which included stale cheques of Kshs.368,043 that had not been reversed in the cash book as at 30 June 2017. Consequently, it has not been possible to confirm accuracy and validity of cash and cash equivalents balances of Kshs.7,955,388 as at 30 June 2016.

Management Response

581. The Fund Account Manager submitted that the error was noted; some cheques were reversed and replaced in the cashbook on a need basis in the subsequent financial year as per attached cash book extract.

Committee Observation

582. The Committee observed that Kshs.232,599 worth of cheques were availed for audit verification. The query was adequately addressed.

4. Summary of Fixed Assets Register

583. The summary of fixed assets registers as highlighted in annex 2 to the financial statements indicates that the total cumulative cost of office buildings as at 30 June 2016 was Kshs.19,350,000. However, the statement of receipts and payments and note 8 to the financial statements reflect Kshs.24,951,570 as the payments made with regard to the cost of the building thus resulting to an unexplained difference of Kshs.5,601,570.

Management Response

584. The Fund Account Manager submitted that Kshs.19,350,000 was the total asset acquired during the year while Kshs.5,601,570 was cumulative cost of asset in the previous years.

Committee Observation

585. The Committee observed that the query was adequately addressed.

Other Matter

5. Budgetary Performance

586. Awendo CDF's approved budget for 2015/2016 amounted to Ksh.136,193,084. During the year under review, the management made payments totaling Kshs.120,275,041 mainly from receipts during the year and the Fund balance brought forward from the previous year. The comparison of budget and actual is as shown below:

	Approved Budget (Kshs)	Actual (Kshs)	Difference (Kshs)	%
Receipts				

Transfers from NG-CDF Board	136,193,084	128,230,428	7,962,656	6%
Payments				
Compensation of employees	2,443,817	2,390,330	53,487	2%
Use of goods and services	7,123,543	6,073,990	1,049,553	15%
Transfers to other Government units	56,032,721	47,343,981	8,688,740	16%
Other grants and transfers	48,409,622	45,116,739	3,292,883	7%
Acquisition of assets	21,683,382	19,350,000	2,333,382	11%
Other payments	500,000	0	500,000	100%
Total	136,193,085	120,275,040	15,918,045	12%

587. As at the end of the year the fund had Kshs.7,955,387 in its bank account not yet utilized.

Management Response

588. The Fund Account Manager submitted that the under expenditure was occasioned by late disbursement of funds. The delay in release of funds thus limit the proper utilization of projects. The funds however were later release in as evidenced by copies of AIE and all affected projects were implemented.

Committee Observation

589. The Committee observed that the query was adequately addressed as the AIEs showing late disbursement were submitted for audit review.

6. Project Implementation Status

590. During the year under review, fourteen (14) projects costing Kshs.60,118,317 were physically verified and their status as that time was as stipulated:

S/No	Project Name	Activity	Disbursement 2015	Cumulative Achievement%	Status
1	Awendo Police Division	Walling, Plastering, Roofing concreting cells and Strong room, ceiling of 1 st phase offices for Awendo Police Division	3,000,000	60%	Ongoing. The contractor was however not on site

2	Dede Divisional Headquarters	Plastering, Painting and Ceiling of Administration Block	2,400,000	70%	The contractor was on site and the work were on going
3	Siruti TTI	Construction of workshop measuring 11m x 16m, three lecture rooms each one measuring 8m x 6m and an office space measuring 5.5m x 5.4m all located on the ground floor respectively	10,000,000	0%	The Fund being managed by Mawego Institute Management. This has not started
4	St. Alberts Ulanda Sec School	Co-funding for drilling of bore hole	1,000,000	90%	Near Completion
5	Nyangaya Primary School	Construction of 2 Class Rooms, foundation, walling, roofing, windows and doors, general finishes	900,000	80%	Near Completion
6	Siany Primary School	Construction Four Class Rooms	2,100,000	90%	Near Completion
The table reflects One (1) project for Siruti Technical Training Institute has not commenced despite fund having been disbursed while five (5) projects are ongoing.					

591. The table reflects 8 projects fully complete. One project for Saruti Technical Institution has not commenced despite funds having been disbursed while 5 project are ongoing

Management Response

592. The Fund Account Manager submitted that:

- (i) Awendo Police Division. The auditor came when the contractor had been stopped due to court order {police letter}.
- (ii) The Dede divisional headquarter was completed project handed over and the completion certificate issued see attached photo and certificate.

- (iii) Saruti TTI, NGCDF disbursed Kshs.10,000,000 as per the circular and guideline, the project completed and is in use.
- (iv) St Albert Ulanda Girls was completed, completion certificate issued and the project handed over.
- (v) Nyangaya Primary School was completed, completion certificate issued and the project handed over.
- (vi) Siany Primary School was completed, completion certificate issued and the project handed over.

Committee Observation

593. The Committee observed that the police letter, completion certificates and photographs of above projects were availed for audit verification. the query was adequately addressed.

7. Construction of Awendo Division Police Post

594. During the year under review the Awendo Constituency management spent Ksh.2,294,052 towards the construction of a Police Post at Awendo. A temporary court injunction had been issued stopping this project on 27 August 2014 due to land dispute with a third party. However, despite the court orders still being in force it was not clear why the CDF management continued to spend fund on the disputed plot.

Management Response

595. The Fund Account Manager submitted that the court order came when the funds were already disbursed to the PMC account and the contractor was on site therefore by stopping the contractor by the management could have brought more damages to the project. In addition, the project management Committee gave contractor mobilization period to finalize with the project as the contractor had bought building materials prior to court order. Otherwise, the management Committee have followed up the case as per the police letter attached.

Committee Observation

596. The Committee observed that the Letter from police dated 26th July 2024 was availed for audit verification. Consequently, the query was partially addressed as the court orders and pleadings, approved code list, bank statements, colored photographs, contact agreement and payment vouchers were not provided for audit review.

Committee Recommendation

597. Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, Cap. 412B, Accounting Officer should submit the court orders and pleadings, approved code list, bank statements, colored photographs, contact agreement and payment vouchers to the National Assembly.

8. Previous year matters

598. The constituency did not indicate the status and follow up of Audit issues reported in the previous year in the financial statements as required by public Sector accounting Standards Board Reporting Template.

Management Response

599. The Fund Account Manager submitted that the management was awaiting invitation to appear before the decentralization funds accounts Committee.

Committee Observation

600. The Committee observed that the query was adequately addressed.

3.3.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1. Unsupported Cash and Cash Equivalent

601. The Statement of assets as at 30th June 2017 reflects a bank balance of Ksh.3,509,676. However, examination of the bank reconciliation statement as at 30 June 2017 revealed receipts in cash book not recorded in bank statement totaling Ksh.260, 000 and payments in bank statement not yet recorded in cash book totaling Kshs.203,211. Further, there were unpresented cheques totaling Kshs.2,597,333 out of which old cheques worth Ksh.830,630 had not been reversed in the cash book and were therefore stale. Consequently, the accuracy of the cash and cash equivalents balance of Kshs.3,509,676 as at 30 June 2017 cannot be confirmed.

Management Response

602. The Fund Account Manager submitted that Kshs.830,000 were cheques relating to bursary which had not been presented by the beneficiaries. The sub-county treasury was waiting for the NGCDFC to present a new list of beneficiaries to enable them reverse and replace. However, the cheques were reversed and reissued to new beneficiaries.

Committee Observation

603. The Committee observed that the cashbook extracts were available for audit review. The query was adequately addressed.

2. Unconfirmed Receipts Balance

604. The statement of receipts and payments for the year under review reflects other receipts totaling Kshs.40,000,000 which in turn include the sum of Ksh.40,000 received from sale of tender documents. However, the counterfoil official receipt book reflected receipts totaling Kshs.49,000 resulting to a variance of Ksh.9,000. Management has not provided a plausible

explanation for the discrepancy. Consequently, the accuracy of the other receipts balance of Kshs.40,000,000 for the year ended 30 June 2017 cannot be confirmed.

Management Response

- 605.** The Fund Account Manager submitted that the Kshs.9,000 reflected miscellaneous receipts for sale of tender documents whose cash was refunded after clients declined buying tender documents and those cancelled due to normal errors.

Committee Observation

- 606.** The Committee observed that the miscellaneous receipt were availed for audit verification. The query was adequately addressed.

Other Matter

3. Budget implementation – Under absorption of Expenditure

- 607.** The Fund had a final budget of Ksh.98,472,598 and expenditure of Ksh.88,062,923 during the year under review resulting in an absorption rate of 89% as tabulated below;

- 608.** Thus, the rate of absorption of budgeted funds during the year under review was satisfactory.

Receipts/Expense	Approved Budget (Ksh)	Actual Expenditure (Ksh)	Over/Under Expenditure (Ksh)	%Utilization
Receipts				
Transfer from CDF Board	98,432,598	91,532,599	6,900,000	93
Other Receipts (AIA)	40,000	40,000	—	100
Payments				
Compensation of Employees	2,392,800	2,293,439	99,364	96
Use of Goods and Services	7,428,940	7,388,940	40,000	99
Transfer to Other Government Units	41,779,225	32,633,991	9,145,234	78
Other Grants and Transfers	39,786,047	39,770,970	15,077	100
Acquisition of Assets	2,800,000	2,800,000	-	100
Other Payments (Audit Fees)	4,285,586	3,175,586	1,110,000	74

Management Response

609. The Fund Account Manager submitted that management appreciates the complements from the auditors on the rate of absorptions and Management wish to give assurance on improving the absorption rate on subsequent years.

Committee Observation

610. The Committee observed that the query was adequately addressed.

4. Poor Workmanship and Unresolved issues on Construction of Awendo Police Headquarters.

611. Included in other grants and transfers balance of Kshs.39,770,969 reflected in the statement of receipts and payment are security costed at Kshs.8,265,000 which in turn include Kshs.5,000,000 expenditure incurred on walling, plastering, roofing concreting cells and strong room and ceiling at Awendo Police Headquarters. However, a court injunction issued to stop this project was issued on 27th August 2014. No records were presented for audit to confirm whether the matter had been resolved. Further, physical verification of work done revealed that a portion of one of the walls had collapsed and indication were that the contractor had abandoned the project. Further, the doors installed had no locks and given that the plot on which the project stands are not fenced, the project is prone to vandalism. Consequently, value for money and propriety of the expenditure amounting to Kshs.5, 000,000 incurred on the project cannot be confirmed.

Management Response

612. The Fund Account Manager submitted that the court injunction is still on and the case is pending determination. The management is keenly following the court proceedings and expects favorable ruling going by evidence that were tabled in court by the National Police Service. The contractor was stopped when the project was still in precarious stage explaining falling off the walls. See attached Awendo Sub-County National police letter. The management is committed to engaging the contractor to remedy the defects noted by auditors once the court issue is resolved in their favor.

Committee Observation

613. The Committee observed that the letter from the Police dated 26th July 2024 was availed for audit review. The query was adequately addressed.

5. Poor Workmanship in Transfers to Other Government Units Projects

5.1 Construction of Classrooms at Mariwa and Uradi Primary Schools

614. Included in the transfer to other government entities balance of Kshs.32,633,990 reflects in the statement of receipts and payment are transfer to primary schools of Kshs.11,583,448 which in turn include Kshs.2,900,000 being Kshs.1,500,000 for construction of Two

classrooms to completion but excluding painting at Mariwa Primary School and Kshs.1,400,000 being additional funds for roofing, painting and plastering of three classrooms at Uradi Primary School. Physical verification of the newly completed classrooms in both schools revealed that the floor had cracked an indication of poor workmanship. Consequently, value for money on the expenditure of Kshs.2, 900,000 incurred on construction of the classrooms cannot be confirmed.

Management Response

- 615.** The Fund Account Manager submitted that two projects were completed and handed over to the school managements who have been trained to take care of the newly built classrooms. The management is currently implementing the use of tiles or Terrazzo to mitigate cracks on the floors See completion certificate and project photo.

Committee Observation

- 616.** The Committee observed that the completion certificates and photographs were availed to the auditor for verification. The query was adequately addressed.

5.2 Construction of District Education Office

- 617.** Included in transfer to other government entities balance of Kshs.32, 633,990 reflected in the statement of receipts and payment are disbursements to tertiary institutions totaling Kshs.6, 500,000 which in turn include Kshs.1, 400,000 in respect of construction of a District Education Office. Painting was described in the bills of quantities as being the application of one undercoat and two finishing coats of 1st quality silk vinyl paint to the general plastered walls. However, project verification on 18th May 2018 revealed that only undercoat paint was applied. Consequently, value for money on the expenditure of Kshs.1, 400,000 incurred on the project cannot be confirmed.

Management Response

- 618.** The Fund Account Manager submitted that, that the contractor who contracted the work applied the second coat of paint. The photo attached can confirm that actually the final coat of paint was applied.

Committee Observation

- 619.** The Committee observed that the completion certificate and photographs were availed for audit verification. The query was adequately addressed.

5.3 Incomplete CDF Office Project

- 620.** Included in acquisition of assets balance of Kshs.2,800,000 reflects in the statement of assets as at 30th June 2017 is Kshs.2,000,000 incurred on fencing the CDF office compound and

building a six-door pit latrine. Physical verification revealed that the pit latrine was constructed but not plastered and doors were not fitted, whereas the fencing project was constructed halfway through. Consequently, value for money on the expenditure of Kshs.2,000,000 cannot be confirmed.

Management Response

621. The Fund Account Manager submitted that the photo, completion certificate attached can confirm that actually the pit latrine was plastered and painted. Fencing was completed and the compound is secured.

Committee Observation

622. The Committee observed that the photos and completion certificate were availed for audit verification. The query was adequately addressed.

6. Irregular Emergency Expenditure

623. Included in compensation of employees' balance of Kshs.2,293,439 reflected in the statement of receipts and payment for the year under review is Kshs.900,726 which was charged on emergency account but paid as gratuity to several officers. However, gratuity should be an allocation in the budget and not emergency expenditure. Consequently, the regularity of Kshs.900,726 of the compensation of employees' expenditure totaling Kshs.2,293,439 for the year ended 30th June 2017 cannot be confirmed.

Management Response

624. The Fund Account Manager submitted that management concur with your observation. The management resolved to use the emergency vote head for payment of gratuity. Going forward Committee will be doing provision of gratuity and transferring to deposit account.

Committee Observation

625. The Committee observed that the NGCDFC Minute confirming payment of gratuity was availed to the Office of the Auditor General for verification. Consequently, the query was partially addressed. Management was asked to submit corrected voucher showing that they had paid gratuity using emergency funds.

7. Project Verification

626. Physical Verification of several projects revealed their status of implementation was as outlined in the table below:

	Project	Details	Amount (Kshs)	Status

1	Mariwa Primary School	Construction of two (2) classrooms	1,500,000	Complete and in use but the floor had visible cracks
2	Uradi Primary School	Construction of 3 classrooms	2,700,000	Ongoing
3	Wawaga Primary School	Construction of 2 classrooms	1,000,000	Ongoing
4	Dede Divisional Headquarters	Plastering, painting and ceiling of administration	2,000,000	Plastering and painting yet to be done.
5	Awendo Police Station	Walling, plastering, roofing, concreting cells and strong room, ceiling of 1 phase offices for Awendo Police division	5,000,000	A portion of the wall had collapsed and the project was abandoned. Payment made on the project despite a court injunction.
6	Street Lighting	Installations of street lights in various market centres	1,150,00	Complete but some of the light masts were vandalized
7	Construction of Siruti TTI	Construction of TTI	4,500,00	Ongoing
8	Completion of Awendo DEO's Office	Completion of Awendo DEO's Office	1,400,000	Ongoing
9	Construction of Awendo DEO's Office	Construction of Awendo DEO's office	600,000	Ongoing
10	Ombo Bitu Dispensary, Dede Dispensary and Bonde Dispensary	Completion of staff quarters		Complete
11	CDF Office	Fencing office compound and building pit latrine	2,000,000	ongoing

627. Out of the eleven projects sampled for audit, only four had been completed but two of these were not completed to expectations; six were ongoing and one had been abandoned.

Management Response

628. The Fund Account Manager submitted that management regrets that at the time of audit verification the seven projects had not been completed. The mentioned projects were work in progress at the time of audit verification. The seven projects were later completed and are in

use as per the attached photos and certificate of completion. The street lights project was taken over by the County Government of Migori. The hospital staff quarters were completed and taken over by the County Government of Migori being a devolved project. The Awendo Police Station Project is still a subject of court case and due for ruling on 24th July 2024.

Committee Observation

- 629.** The Committee observed that photos and completion certificates were availed for audit verification. The query was adequately addressed.

3.3.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1. Transfer to other Government Units

1.1 Construction of a classroom at Lwanda Kokuro Primary School

- 630.** Included in the transfer to other government units' expenditure of Kshs.9, 174,725 is an amount of Kshs.600, 000 which was paid for construction of a classroom at Lwanda Kokuro Primary School. Documentation and expenditure records relating to the project were not provided for audit review. Consequently, the validity and propriety of the expenditure of Kshs. 600,000 could not be confirmed.

Management Response

- 631.** The Fund Account Manager submitted that management regrets that during audit review, the documents were not among the ones presented for audit. The Completion certificate, Expenditure return, Bank statement, PMC minutes and photo are hereby attached.

Committee Observation

- 632.** The Committee observed that the completion certificate, bank statements, PMC minutes and photos were availed for audit verification. The query was adequately addressed.

2. Transfer from NG-CDF Board

- 633.** The summary statement of appropriation reflects transfers from NG-CDF Board of Kshs.50, 914,848 while the statement of receipts and payments reflects the receipt of Kshs.47, 495,172 leading to unreconciled and unexplained variance of Kshs.3, 509,676. In the circumstances, the accuracy of the receipts could not be ascertained.

Management Response

- 634.** The Fund Account Manager submitted that the variance of Kshs.3, 509,676 between Receipts and Payments and Statement of Appropriation represented funds for projects of previous years already received at the beginning of the financial year ready for utilization. AIE and Cash book extract herewith attached for audit review.

Committee Observation

- 635. The Committee observed that the cashbook extracts confirming balance as at 30th June, 2017 was availed to the auditor verification. The query was adequately addressed.**

3. Unreconciled Difference in Expenditure

- 636.** In addition, the summary statement of appropriation reflects total payment of Kshs.46,210,532 while the statement of receipt and payment reflects the total expenditure of Kshs.46,610,532, resulting in unreconciled difference of Kshs.400, 000. In the circumstance, the accuracy of the total expenditure could not be ascertained.

Management Response

- 637.** The Fund Account Manager submitted that management acknowledge that ksh.400,000 is as result of retention that was paid yet it was initially set aside that thus payment was overstated by ksh.400,000 See attached statement of financial Assets of the year and Statement of cash flow of the subsequent year.

Committee Observation

- 638. The Committee observed that the statement of financial assets, cash flow statement, statement of receipt and payment and appropriation were availed to the auditors for verification. The query was adequately addressed.**

4. Net Financial Position

- 639.** The statement of financial assets as at June 30th 2018 reflects net financial position of Kshs.4, 304,326 after netting-off liabilities amounting to Kshs.400, 000. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the statement of financial assets erroneously shows at the bottom net liabilities instead of the net financial position of Kshs.4,304,326.

Management Response

- 640.** The Fund Account Manager submitted that they used the template that was approved and sent to us by the NGCDF Board indicating that the Statements of Financial assets at the bottom should be net liability. However, it has been amended accordingly to reflect as statement of net financial position.

Committee Observation

- 641. The Committee observed that the query was adequately addressed.**

5. Unsupported Adjustment

- 642.** The summary statement of appropriation indicates an original budget of Kshs.86,810,345, an adjustment of Kshs.21,788,986 bringing the total final approved budget of Kshs.108,599,331.

However, the adjustment under payments in the statement of appropriation were not adequately supported by approved code list showing the 2016-2017 financial year item that were to be financed in 2017-2018 financial year. In absence of a list of rolled over projects, the validity of the adjustment could not be confirmed.

Management Response

- 643.** The Fund Account Manager submitted that during the time of audit, the code list was misfiled along other documents. However, management have retrieved the approved code list for the financial year 2016/2017 which composed of the unfunded projects in the summary statement of appropriation payment side.

Committee Observation

- 644.** The Committee observed that the approved code list was availed to the auditor but were incorrect. Management was requested to provide a proper approved code list totaling to Kshs.108,599,331 to the National Assembly.

Basis for Conclusion

6. Construction of a classroom at Adago Primary School

- 645.** Included in the transfers to other government entities expenditure of Kshs.9, 174,725 is an amount of Kshs.400, 000 which was paid for construction of a classroom at Dago Primary School. The funds were initially meant for fencing but the school management and project implementation Committee instead re-allocated the funds to construction of a classroom. The management did not provide for audit review any authority from the NG-CDF Board to support the re-allocation of fund. Consequently, the regularity and value for money of the project could not be ascertained.

Management Response

- 646.** The Fund Account Manager submitted that management wish to confirms that project that was executed was fencing as per the attached photograph, Payment voucher, code list and completion certificate.

Committee Observation

- 647.** The Committee observed that photo, code list and completion certificate were availed to the auditor for verification. The query was adequately addressed.

7. Construction of a Classroom at Phares Oluoch Kanindo Secondary School

- 648.** Included also in the transfer to other government units' expenditure of Kshs.9,174,725 is an amount of Kshs.500,000 which was paid for construction of a classroom at Phares Oluoch Kanindo Mixed Secondary School. Physical verification of the project revealed that only 57 percent of the work was done after which the contractor moved out of the site. Consequently,

the value for money and regularity of the expenditure of Kshs.500, 000 incurred on the project could not be confirmed.

Management Response

649. The fund account manager submitted that at the time of audit, the project had been partly funded. It has however been fully funded and complete. Attached is the completion certificate and photograph of the project

Committee Observation

650. The Committee observed that the completion certificate and photo were availed for audit verification. The query was adequately addressed.

8. Construction of Houses at Dede Administration Police Camp

651. Included in other grant and transfer expenditure of Kshs.30,965,407 is an amount of Kshs.800,000 which was paid for construction of Administration Police houses at Dede Administration Police Camp. Physical verification done at the project site revealed that the contractor had done only the substructure and superstructure. Estimated to 46 percent of the contract price. There was no work in progress as the contractor had left the site. Consequently, the regularity and value for money of the expenditure incurred on the project could not be confirmed.

Management Response

652. The Fund Account Manager submitted that management concurs with the auditor's observations. At the time of audit verification, the work was ongoing as eluded by the auditor. The works was then continued to completion as per the attached photo and completion certificate.

Committee Observation

653. The Committee observed that photos and completion certificate were availed for audit verification. The query was adequately resolved.

9. Budget Performance Analysis

654. The NG-CDF Awendo Constituency had an approved final budget of Kshs.108, 599,331 for the year 2017-2018. However, the actual receipts for the year were Kshs.50, 914,848, resulting in a budget deficit of Kshs.57, 684,483 Or 53% on the expected revenue. The actual expenditure was Kshs.46, 210,532 against the approved budget of Kshs.108, 599,331, leading to a gross under-expenditure of Kshs.62, 388,799 or 57%. Significant Under-expenditure occurred on the following items:

Item Description	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Under-expenditure (Kshs)	Under-Expenditure in (%)
Compensation of Employees	3,279,676	1,770,411	1,509,265	46%
Use of goods and services	7,067,069	4,699,989	2,367,080	33%
Transfer to other Government Units	47,405,985	8,774,725	38,631,260	81%
Other grants and transfers	50,846,601	30,965,407	19,881,194	39%

655. In the circumstance, the under-expenditure on the approved budget items implies that the Fund was not able to achieve some of its core objectives and, there by impacting negatively on the efficiency and effectiveness of the service delivery to the constituents.

Management Response

656. The Fund Account Manager submitted that under expenditure was occasioned by late disbursement of funds from the exchequer. The management have made recommendation to NGCDFB for fund to be released on time. Attached also is the Bank statement and AIE showing the dates of funds received.

Committee Observation

657. The Committee observed that a copy of AIE was availed for audit verification. The query was adequately addressed.

10. Project Verification

658. Thirteen projects with a total expenditure of Kshs.13,024,725 were physically verified and observations made as summarized below:

Project Name	Activity	Budget	% Level of Completion	Observations
Rinya Mixed Sec School	Construction of a classroom	1,500,000	57	Expenditure returns not provided for audit
Wawaga Primary School	Construction of A classroom	574,725	95	Painting not done
St. Nicholas Koyer Sec School	Construction of A classroom	500,000	49	Project still incomplete after the expected completion date

Nyakuru Mixed Secondary School	Construction of A borehole	1,100,000	100	Complete and is in use
Dede Chief's Camp	Construction of Administration Police staff houses	1,200,000	30	A variation in material used when compared to Bill of Quantities.
Alara Dago Primary School	Fencing of the school compound	400,000	70	Irregular reallocation of fund from fencing to the renovation of two classrooms
Otacho Primary School	Fencing of the school compound	400,000	100	Complete
Lwanda Kokuro Primary School	Construction of A classroom	600,000	55	Abandoned project. Expenditure and procurement details not provided for audit
Pheres Oluoch Kanindo Mixed Secondary School	Construction of 1 classroom	500,000	57	Abandoned project
Awendo Library	Construction of a library	4,000,000	49	Incomplete project
Pe-Hill high School	Reroofing of 2 dormitories	850,000	100	Complete and in use
Saka Primary School	Fencing of the school compound	400,000		Irregular reallocation of funds from fencing to the purchase of land
Gamba Mixed Secondary School	Purchase of school bus	1,000,000		Expenditure, procurement and ownership documents not provided for audit review.

Management Response

659. All the listed projects were completed and are in use as per the attached completion certificates and photos

Project Name	Activity	
Rinya Mixed Sec School	Construction of a classroom	Complete and in use
Wawaga Primary School	Construction of A classroom	Painting was done and project is Complete and in use
St. Nicholas Koyier Sec School	Construction of A classroom	The project is now Complete and in use
Alara Dago Primary School	Fencing of the school compound	Complete and in use
Lwanda Kokuro Primary School	Construction of A classroom	Complete and in use
Pheres Oluoch Kanindo Mixed Secondary School	Construction of 1 classroom	Complete and in use
Awendo Library	Construction of a library	Complete and in use
Saka Primary School	Fencing of the school compound	Complete and in use
Gamba Mixed Secondary School	Purchase of school bus	Complete and in use

660. For the case of Dede chief's camp, management confirms that there is no such project ever funded by NGCDF Awendo. In addition, the management also confirms that Alara Dago Primary School and Saka Primary School were implemented as per approved code list and activities undertaken were fencing along the compound.

Committee Observation

661. The Committee observed that Photos and Completion Certificates, variation report were availed for audit verification. The query was adequately addressed.

3.3.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1. Understated Cash and Cash Equivalents

- 662.** The statement of financial assets reflects cash and cash equivalents bank balance of Ksh.13,839,616 as at 30 June, 2019. However, a review of the bank reconciliation statements in support of the balance revealed stale cheque amounting to Kshs.319,932 were not reversed in the cashbook, thereby understating the cash equivalent balance. Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.13,839,616 could not be confirmed.

Management Response

- 663.** The Fund Account Manager submitted that Kshs.319,932 were cheques relating to bursary which had not been presented by the beneficiaries. The sub-county treasury was waiting for the NGCDFC to present a new list of beneficiaries to enable them reverse and replace. However, the cheques were reversed and reissued to new beneficiaries

Committee Observation

- 664.** The Committee observed that the list of beneficiaries and cashbook extract were availed to the auditor for verification. The query was adequately addressed.

2. Unsupported Bursary Disbursements

- 665.** The statement of receipts and payments reflects expenditure of Kshs.51, 134,703 in respect of other grants and transfers. As disclosed in Note 7 to the financial statements, the expenditure includes Kshs.20, 088,375 and Kshs.13, 844,327 incurred on bursary disbursements to needy students in secondary schools and other tertiary institutions, respectively. However, out of the total bursary disbursements, an amount of Ksh.15, 462,125 was not acknowledged as having been received by the beneficiary schools and institutions. Consequently, the validity of the disbursement of Ksh.15, 462,125 could not be confirmed.

Management Response

- 666.** The Fund Account Manager submitted that management concurs with the auditor's observations that at the time of audit review some of the institution had not sent back their acknowledgement letters in respect to bursary. However, the management has so far received substantial acknowledgement letters from schools as attached. See attached letters and summary list of beneficiary institutions together with the totals.

Committee Observation

- 667.** The Committee observed that the list of beneficiary institutions and acknowledgement Letters were availed to the auditor for verification. The query was adequately addressed.

3. Incorrect Net Liabilities

- 668.** The statement of financial assets reflects total financial assets balance of Ksh.13,839,616 and Nil liabilities as at 30 June, 2019. The statement further reflects, net liabilities instead of net financial position balance of Kshs.13,839,619 as at 30 June, 2019. No explanation was provided for this anomaly. Consequently, the correctness of the statement of financial assets as 30 June 2019 could not be confirmed.

Management Response

- 669.** The Fund Account Manager submitted that they used the template that was approved and sent to us by the NGCDF Board indicating that the Statements of Financial assets at the bottom should be net liability. However, it has been amended accordingly to reflect as statement of net financial position.

Committee Observation

- 670.** The Committee observed that the query was adequately addressed.

4. Incorrect Heading in the Statement of Financial Assets

- 671.** The management prepared the statement of financial asset that does conform to the prescribed template by the Public Sector Accounting Board (PSAB), which requires the statement to read 'Statement of Financial Assets and Liabilities as at 30 June, 2019 and not 'Statement of Financial Assets'. Consequently, the financial statements are not consistent with the prescribed format and template.

Management Response

- 672.** The Fund Account Manager submitted that management used the financial reporting template as issued by the NGCDF Board which we are not allowed to edit. The prescribed template has been adopted.

Committee Observation

- 673.** The Committee observed that the query was adequately addressed.

5. Budgetary Control and Performance

- 674.** The summary statement of appropriation; recurrent and development combined reflects final receipts budget and actual on a comparable basis of Ksh.171,047,676 and Ksh.163,825,360 respectively resulting to an underfunding of Ksh.7,222,316 or 4% of the budget. Similarly, the Fund spent Ksh.154,308,059 against an approved budget of Ksh.171,047,675 resulting to an under-expenditure of Ksh.16,739,616 or 10% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Awendo Constituency.

Management Response

675. The Fund Account Manager submitted that Under funding and under expending was as a result of late disbursement of funds from the exchequer which cascaded to the constituency level. See attached AIE and bank statement.

Committee Observation

676. The Committee observed that the AIE and bank statements were availed for audit verification. The query was adequately addressed.

Basis for Conclusion

6. Incomplete Drilling and Equipping of Borehole at Ogwamrondo Hill School Secondary

677. Note 6 to the financial statement reflects transfers to Other Government Units' expenditure of Ksh.88,166,278 for the year ended 30 June 2019. This expenditure includes an amount of Kshs.41,511,778 which was earmarked for transfers to secondary schools. The amount includes an amount of Ksh.3, 000,000, which was allocated to Ogwamrondo Hill Mixed Secondary for drilling and equipping of a borehole. The tender for drilling and equipping of the borehole was awarded to a firm at a contract sum of Ksh.1, 831,720 being the lowest evaluated bidder. The works were to be performed for a period of three weeks commencing on 16 August 2018. The firm was paid Ksh.1, 300,000 despite the borehole not yielding any water. Later, a new tender was awarded to another firm for drilling of a second borehole on a private land adjacent to Ogwamrondo Hill Mixed Secondary at a contract amount of Ksh.1, 472,423 on 12 April 2019. However, land transfer documents for the new site and certificate of completion of the works were not provided for audit. Further, physical verification conducted on 19 February 2020 revealed that the second borehole was not complete. Consequently, the value for money and regularity of the expenditure incurred on the two borehole projects could not be confirmed.

Management Response

678. The Fund Account Manager submitted that the first contractor did the works as per the specification and reached the required depth but there was no water the borehole was dry hence another site was identified which had water. It was drilled and substantial amount of water was found. The project is currently in use and certificate of completion issued as per the attached. The land also was acquired as per the attached sale of land agreement.

Committee Observation

679. The Committee observed that the completion certificate, sale of land agreement and PMC Minutes were availed to the auditor for verification. The query was adequately addressed.

7. Incomplete Drilling of a Borehole at St Gabriel Siruti Secondary School

- 680.** The amount of Ksh.41,511,778 earmarked for transfers to secondary schools includes Ksh.3,000,000 allocated to St. Gabriel Siruti Secondary for drilling of a borehole. The tender for drilling of the borehole was awarded to a firm at a contract sum of Ksh.1,893,045 on 11 September 2019 but was later varied to Ksh.2,507,450 after the first borehole drilled did not yield any water. Later, a second borehole was drilled on a private land after the variation of the contract sum but the title deed for the new site was not provided for audit. Further, physical verification of the project conducted on 19 February 2020 revealed that the second borehole was not complete. Consequently, the value for money and regularity of the expenditure incurred on the borehole project could not be confirmed.

Management Response

- 681.** The Fund Account Manager submitted that the first contractor did the works as per the specification and reached the required depth but there was no water the borehole was dry hence another site was identified which had water. It was drilled and substantial amount of water was found. See the attached photo. Attached also is the sale of land agreement. REREC in collaboration with Awendo NGCDF is considering installation of a transformer to boost the power supply to the bore hole.

Committee Observation

- 682.** The Committee observed that the completion certificate and sale of land agreement was availed for audit verification. The query was adequately addressed.

8. Irregular Grading and Gravelling of Access Roads to Nyangaya and Kodenya Primary School

- 683.** Transfers to Other Government Units expenditure of Ksh.88,166,278 includes an amount of Ksh.33,854,500 which was earmarked for transfers to primary schools as disclosed in Note 6 to the financial statements. The amount includes expenditure totaling Ksh.5,730,600 claimed to have been incurred on opening, grading and gravelling of access roads to Nyangaya Primary School at a cost of Ksh.3,230,600 and Kodenya Primary School at a cost of Ksh.2,500,000. The following anomalies were observed. Construction of rural roads is a devolved function that belongs to the County Government and not the Fund. Physical verification conducted on 19 February 2020 revealed that the roads did not have publicity signage despite their inclusion in the bill of quantities. It was not possible to confirm whether these roads were indeed graded and graveled by the Fund or other government agencies. In the circumstances, the regularity and the value for money of the expenditure incurred on the roads project could not be confirmed.

Management Response

- 684.** The Fund Account Manager submitted that the projects were approved by the NGCDF Board prompting the management to implement them. The signage was vandalized by unknown people. Attached are the completion certificates and approved code list for the projects.

Committee Observation

- 685.** The Committee observed that the completion certificates and approved code lists were availed to the auditor for verification. The query was adequately addressed.

9. Overpaid and Incomplete Construction of Awendo Police Divisional Headquarters

- 686.** The tender for the construction of the Awendo Police Divisional Headquarters was awarded to a firm at a contract sum of Ksh.3,948,470 being the lowest bidder during the 2015/2016 financial year. The commencement date of the contract was 10 June 2016 with the expected completion date of 10 June 2017. The following anomalies were noted. By 29th November 2016, the contractor had been paid a total of 7,100,000 leading to unexplained overpayment of Ksh.3, 151,530. Bank statements for the Project Implementation Committee account was not provided for audit to confirm whether the balance of Ksh.1,900,000, which is the difference between the total payments of Kshs.9,000,000, was still in the bank account. Physical verification of the project that was done on 27 February 2020 revealed that the ceiling, plastering and painting were incomplete and the project had stalled and had been vandalized. Documents supporting the land ownership for the project site were not provided for audit review and an alleged land dispute exist between the community and the government. In the circumstances, the validity, value for money and regularity of the expenditure incurred on the project could not be confirmed.

Management Response

- 687.** The Fund Account Manager submitted that the project is still subject to court case which is due for determination on 23rd September 2024 as per the National Police Service letter attached.

Committee Observation

- 688.** The Committee observed that letter from police service dated 26th July 2024 was submitted for audit review. The query was adequately addressed.

3.3.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1. Inaccurate presentation of use of goods and services

- 689.** As disclosed in note 5 to the financial statements the statement of receipts and payments reflects an amount of Kshs.7,765,098 on use of goods and services which differs with the statement of appropriation-recurrent and development amount of Kshs.7735620 resulting to a variance of Kshs.29,478. Consequently, the accuracy and validity of use of goods and services amounting to Kshs.7, 765,098 could not be confirmed.

Management Response

- 690.** The Fund Account Manager submitted that the management concurs with the auditor. However, the error will be corrected in the next financial.

Committee Observation

- 691.** The Committee observed that the query was adequately addressed.

2. Unutilized fund

- 692.** Note 17.3 to the financial statement reflect a balance of Kshs.72,394,912 in respect of unutilized funds for the year under review. However, the summary statement of appropriation-recurrent and development combined reflects a balance of Kshs.72,383,433 in respect to budget utilization difference and which relates to unutilized fund for the year under review resulting into unreconciled and unexplained variance amounting to Kshs11,479.

Management Response

- 693.** While keying the figures, the management erroneously entered a figure of Kshs.72, 383,433 instead of Kshs.72,394,912 in the statement of appropriation. The correct figure is Kshs.72,394,912 as revealed in the Budget Execution by Sector and Projects and note 17.3 on unutilized fund.

Committee Observation

- 694.** The Committee observed that copies of note 17.3 to the financial statement were availed to the auditor for verification. The query was adequately addressed.

Other Matter

3. Budgetary Control and Performance

- 695.** The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparative basis of Kshs.15, 4107,340 and Kshs.83,339,616 respectively resulting to an underfunding of Kshs.70,767,724 or 46% of the budget Similarly the funded expended Kshs.81,723,906 against an approved budget of Kshs154, 107,340 resulting to an under expenditure of 72,383,433.87 or 47% of the budget. The underfunding and under performance affected the planned activities and may have impacted on service delivery to the public.

Management Response

696. The Fund Account Manager submitted that Under funding and under expenditure was as a result of late disbursement of funds from the exchequer which cascaded to the constituency level. Attached is the AIE and bank statements of funds received towards the end of the financial year.

Committee Observation

697. The Committee observed that Copies AIE and bank statements were availed to the auditor for verification. The query was adequately addressed.

4. Transfer to Other Government Entities

4.1 Non-implemented project

698. The fund received an amount of Kshs.1,169,257 in the financial year 2017/2018 towards establishment of an innovation hub fully equipped with internet system for use by the youth in the constituency. However, the innovation hub project had not been implemented as of February 2021 with the fund lying idle in the bank account for three financial years. Consequently, the youth of Awendo constituency have been denied the intended benefits and services from the innovation hub project. Further holding funds idle in the bank account for more than three years is against the prudent public finance management procedures.

Management Response

699. The Fund Account Manager submitted that the management concurs with the auditors that the fund stayed idle in the bank for long. This was due to construction of the building of library facility where the equipment of the innovation hub was to be installed. The project was later implemented and is in operation. See the attached photos and completion certificate of the library.

Committee Observation

700. The Committee observed that the Certificate of completion and photos were availed to the auditor for verification. The query was adequately addressed.

4.2 Irregular variation of construction of Kenya Medical Training College

701. As disclosed in Note 7 to the financial statements, the statements of receipts and payments reflects an amount of ksh24,765,800 relating to transfers to other government entities which includes an amount of Kshs.10,000,000 in respect to transfers to health institution for construction of Awendo Kenya medical training college at contract sum of Kshs.39,870,586. However, the project management Committee terminated the contract with the original contractor on 30 April 2020 at the time when the contractor had been paid of Kshs.10,939,000 on the grounds that the construction works at the superstructure level. A new contractor has

been engaged to complete the project at a total cost of Kshs.55,000,000 thereby resulting in a contract sum variation amounting to Kshs.15,129,413.80 contrary section 139 (6) of the public procurement and asset disposal act 2015. Under the circumstances the regularity and value for money of Kshs.10,000,000 expenditure for the year ended 30th June 2020 could not be confirmed and also the management is in breach of law.

Management Response

702. The Fund Account Manager submitted that Management take note of your observation. The variation came as results of additional scope of works namely

- (i) Stairs cases
- (ii) Ramps
- (iii) Extension of wall height and roof area.

703. Having said that, the project is complete and in use

Committee Observation

704. The Committee observed that management provided the list of verification showing the difference in funds. The query was adequately addressed.

4.3 Stalled project construction of dining hall

705. As disclosed in Note 7 to the financial statements, the statements of receipts and payments reflects an amount of ksh24,765,800 relating to transfers to secondary schools which includes an amount of Kshs.1,500,000 on construction of a dining hall at St. Joseph's Kamyawa. Physical verification reflects that the project has stalled at the substructure level with the contractor abandoning the site on the grounds of ill health. The school project management Committee has also terminated the contract without undertaking valuation of the work by the contractor. In the circumstances, the value for money mounting to Kshs.1,500,000 could not be confirmed.

Management Response

706. The Fund Account Manager submitted that the management concurs with the auditors that at the time of audit verification the contractor was sick. So far, the project was completed and completion certificate issued. The project is in use. Attached is the photo of the completed project and completion certificate.

Committee Observation

707. The Committee observed that the completion certificates and photos were availed to the auditor for verification. The query was adequately addressed.

5. Other grants and transfers

5.1 Irregular contract variation on construction of Awendo police division.

708. Note 7 to the financials statement reflects an amount of Kshs.48,858,735 relating to transfers to other grants and transfers which includes an expenditure of ksh.7,100,000 for construction of Awendo police division Headquarters at an initial construct sum of Kshs.3,948,470 in the financial year 2015/2016. However the total payments to the contractor on this project as at 30th June 2020 amounted to Kshs.7100000 resulting in an explained overpayment of Kshs.3,151,530 translating to 80% contract sum variation contrary to section 139 (6) of the public procurement and asset disposal act 2015, further it was noted that the funds Committee approved funding for the project without verifying the ownership of the land on which the project was to be constructed an omission which has led to the stoppage of works on the project site by the court order after one of the locals who is claiming the ownership of the land took the Awendo police division management to court. Consequently, the regularity and value for money amounting to Kshs.7,100,000 could not be confirmed.

Management Response

709. The Fund Account Manager submitted that this project was a multi years undertaking which was to be done in phases. Phase one and phase two was done and completed there by bringing the aspect of variation. However due to court order, the project was suspended until court determination. The project is still subject to court case which is due for determination on 23rd September 2024 as per the current National Police Service letter dated 26th July 2024.

Committee Observation

710. **The Committee observed that a letter from National Police Service was availed to the auditor for verification. The query was adequately addressed.**

3.3.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1. Inaccuracies in the Financial Statements

711. The annual report and the financial and financial statements as prepared and presented for audit had the following anomalies;

- i. The statement of receipts and payments reflects compensation of employees' expenditure balance of ksh.2,880,913 as disclosed in Note 4 to the financial statements while, the ledger reflected a total balance ok Ksh.2,908,663 resulting to an unexplained and an unreconciled variance of Ksh.27,750.
- ii. The statement of receipts and payments reflects use of goods and services expenditure balance of Ksh.8,485,396 as disclosed in Note 5 the financial statements while, the ledger reflected a total balance of Ksh.7,517,096 resulting to an unexplained and an unreconciled variance of ksh.968,300.
- iii. The statement of receipt and payments reflects other grants and transfers expenditure balance of Ksh.36, 650,541 while Note 7 to the financial statements reflects Ksh.34,896,041 leading to an unexplained and an unreconciled variance of Ksh.1,754,500.

- iv. As disclosed in Note 7 to the financial statements, the statements of receipts and payments reflects other grants and transfers figure of Ksh.34,896,041 which includes Ksh.20,363,407 in respect to security and emergency projects. However, the supporting schedules provided for audit reflects Ksh.23, 918,907 leading to an unreconciled difference of Ksh.3, 555,500.
- v. The statement of assets and liabilities reflects a nil balance on gratuity as at 30 June, 2021 while Note 12B to the financial statements reflects Ksh.401, 255 resulting to an unexplained and an unreconciled variance of Ksh.401,255.

Management Response

712. The Fund Account Manager submitted that:

- (i) Ksh 27,750 was an amount erroneously recorded in the use of goods and services at the time of posting in the ledgers. This figure was erroneously recorded under compensation of employees in the receipt and payments in the financial statement. This was noted and will be corrected in the next financial years.
- (ii) The Kshs.7, 517,096 arises as a result linking cells. The error was noted and corrections will be corrected in the next financial year.
- (iii) The Kshs.1,754,500 arises as a result linking cells. The error was noted and corrections will be corrected in the next financial year. The ksh.1, 754,000 was for sports that were omitted in note 7 though recorded in the receipt and payment in the financial statement. It was noted and will be corrected accordingly in the next financial year.
- (iv) The error was noted and will be corrected in the next financial year statement.
- (v) The gratuity of Kshs.401,255 in the note 12 was an error and will be corrected as prior year adjustment.

Committee Observation

713. The Committee observed that the query was adequately addressed.

Other Matter

2. Budgetary Control and Performance

714. The summary statement of appropriation for the year under review reflects total budgeted receipts of Kshs.209,472,253 and actual receipts on comparable basis of Kshs.162,983,434 resulting to overall receipts shortfall of Kshs.46,488,819 or 22% of the budget. Similarly, the statement reflects final expenditure budget and actual expenditure on comparable basis of Kshs.209,472,253 and Kshs.150,247,236 respectively resulting to under expenditure amounting to Kshs.59,225,017 or 28% of the budget. The receipts shortfall and under expenditure affected the planned activities and impacted negatively on service delivery to the public.

Management Response

715. The Fund Account Manager submitted that Under funding and under expenditure was as a result of late disbursement of funds from the exchequer which cascaded to the constituency

level. The funds were later received and projects done in the subsequent financial year as per the attached copy of AIE and bank statement. Under funding and under expenditure was as a result of late disbursement of funds from the exchequer which cascaded to the constituency level. The funds were later received and projects done in the subsequent financial year as per the attached copy of AIE and bank statement.

Committee Observation

- 716. The Committee observed that the AIE and Bank statements were availed to the auditor. The query was adequately addressed.**

Basis for Conclusion

3. Transfers to Other Government Entities

3.1 Implementation of Projects on Land without Ownership Documents

- 717.** The statement of receipts and payment reflects transfers to other Government entities amount of Kshs.98,891,129 which includes transfers to tertiary institutions of Kshs.31,185,968 as disclosed in Note 6 to the financial statement. Review of expenditure document established that an amount of Kshs.9,931,966 was utilized towards the construction of Awendo Kenya National Library and Fencing of Awendo Kenya Medical Training Institute. However, ownership document for the parcels of land on which the projects were erected were not provided. Further, physical verification in April 2022 revealed that a private developer had encroached on the Library Land. This is contrary to the provision of Constituencies Development Fund (CDF) Board circular reference CDF Board Circulars/VOL.1(108) dated 24 August 2010. In the circumstances, the value for money for the funds spent on the project could not be confirmed.

Management Response

- 718.** The Fund Account Manager submitted that KMTC is constructed on Land Parcel Number Awendo Township/306 measuring 3.06 Acres belonging to Awendo Sub County Hospital. The land was allocated by the Ministry of land Migori County via a letter dated 27th November 2018. See attached letter. Further the library has been fenced by the Kenya National library as per the photo attached for verification.

Committee Observation

- 719. The Committee observed that the photo and letters from Migori county lands were availed for audit verification. The query was adequately addressed.**

3.2 Delayed completion of Administration block at Siruti Secondary school.

- 720.** The statement of receipts and payment reflects transfers to other Government entities amount of 98,891,129 which includes transfers to secondary schools of Ksh. 38,599,609 as disclosed in Note 6 to the financial statements. Review of expenditure documents revealed that an amount of Kshs. 1,000,000 was incurred towards completion of an administration block at

Siruti Secondary School. However, physical verification in April 2022 revealed that the electrical works, tiling and ceiling board work had not been done and the contractor was not on site. In the circumstance, the value for money for the funds spent on the project could not be confirmed.

Management Response

721. The Fund Account Manager submitted that Management wish to confirm that electrical works, tilling and ceiling have been completed. This is evidenced by photos and completion certificates.

Committee observation

722. The Committee observed that photos and completion certificates were availed to the auditor for verification. The query was adequately addressed.

3.3 Incomplete Renovation of Classrooms at Mariwa Primary School

723. The statement of receipts and payment reflects transfers to other Government entities expenditure balance of Kshs.98, 891,129 which includes transfers to primary school of Kshs.29, 105,552 as disclosed in Note 6 to the financial statements. Review of expenditure records establish that an amount of Kshs.1, 000,000 was incurred towards renovation of five (5) classrooms at Mariwa Primary school. However, physical verification of the project in April, 2022 revealed that walling, roofing and painting of two (2) classrooms were completed and put into use while the works on the three (3) classrooms had not been completed. In circumstances, the value for money spent on the project could not be confirmed.

Management Response

724. The Fund Account Manager submitted that at the time of audit verification, the contractor was on site. The project however was completed as per the attached photo.

Committee Observation

725. The Committee observed that the photos and completion certificates were availed for audit verification. The query was adequately addressed.

4. Non-Operational Innovation Hub at the Kenya National Library-Awendo

726. The statement of receipts and payment reflects other payment expenditure balance of Kshs.1, 169,257 as disclosed in Note 9 to the financial statements. Review of documents established that the expenditure was in respect of supply and installation of innovation Hub at the Awendo Kenya National Library through a local contractor. However, physical verification in April,2022 revealed that installation of the information Communication Technology (ICT) equipment is complete but was not fully operational due to lack of internet connectivity. In

the circumstances, the value for money for the Kshs.1, 169,256 expenditure incurred on the project may not be realized by the public.

Management Response

727. The Fund Account Manager submitted that the innovation Hub was fully equipped and internet services provided by Telcom (K) limited hence fully operational as shown by the attached photos. The project is now managed by county government of Migori since Library has been devolved.

Committee Observation

728. The Committee observed that photos to confirm its operation were presented to the auditor for verification. The query was adequately addressed.

3.3.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1. Unsupported Routine Maintenance Motor Vehicles and Other Transport Equipment's

729. The statement of receipt and payments reflects use of goods and services expenditure of Kshs.10, 219,766, as disclosed in Note 5 to the financial statements. The expenditure includes an amount of Kshs.628,676 in respect of routine maintenance – vehicles and other transport equipment which further includes an amount of Kshs.408,385 spent on repair of the motor vehicle used by the Fund. However, pre-inspections and post-inspection reports from the Ministry of Transport and original work tickets showing movement of the vehicle to and from the garage were not provided for audit review. In the circumstance, the accuracy, completeness and occurrence of the repair of motor vehicle expenditure of Kshs.408,385 could not be confirmed.

Management Response

730. The Fund Account Manager submitted that management concurs with the auditor's observation that the documents were not availed during audit. However, the management has attached the pre-inspection and post inspection reports from the ministry of transport. Also provided is the relevant copy of work ticket for audit review.

Committee Observation

731. The Committee observed that the pre- inspection and post inspection reports and work tickets were availed to the Auditor for verification. The query was adequately addressed.

2. Unsupported Emergency Projects Expenditure

732. The statement of receipts and payment reflects other grants and transfer balance of Kshs.88,536,259 as disclosed in Note 7 to the financial statement which includes an amount of Kshs.8,176,834 spent on emergency projects. However, no documentary evidence was provided to confirm that the expenditure was emergency in nature. This is contrary to Section

8(3) of The National Government Constituency Development Fund act 2015 which provides that emergency shall be construed to mean an urgent, unforeseen need for which it is in the opinion of the Committee that it cannot be delayed until the next financial year without harming the public interest of the constituents. In the circumstances, the accuracy and completeness of the emergency projects expenditure of Kshs.8,176,834 could not be confirmed.

Management Response

733. The Fund Account Manager submitted that management regret that the documents were not provided during exercise. However, the management have availed the documents as attached.

Committee Observation

734. **The Committee observed that the request for emergency from listed schools, NGCDF Committee minute approving emergency, photos showing condition of the projects and completion certificate were availed for audit verification. The query was adequately addressed.**

3. Non-compliance with the Prescribed Financial Reporting Template

735. The summary statement of appropriation reflects percentage (%) utilization for compensation employees of 81% whose explanatory note is not provided as required by the reporting template recommended by the Public Sector Accounting Standards Board, which requires percentage utilization of below 90% to have an explanatory note. Further, this is contrary to the provisions of Section 81(3) of Public Financial Management Act, 2012, which states that the accounting officer shall prepare the financial statement in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board of Kenya from time to time. In circumstances, the financial statement does not comply with the prescribed reporting template for the year ended 30 June 2022.

Management Response

736. Then Fund Account Manager submitted that management noted the exclusion of explanatory note in that financial year under audit review which is highly regrettable. However, the correct adjustment will be done in next financial year.

Committee Observation

737. **The Committee observed that the query was adequately addressed.**

Basis for Conclusion

4. Delay in completion of Approved Projects

738. During the financial year under review the approved code list for the Constituency had projects with total budgetary allocation of Kshs.137, 088,879. However, review of the project

implementation status report revealed that six (6) projects with a total budget of Kshs.7,900,000, which were to be completed within the year under review, had not been completed by 30 June 2022. In the circumstance, the expected benefits from the projects of Kshs.7,900,000 for the year ended 30 June 2022 may not be achieved.

Management Response

739. The Fund Account Manager submitted that management received last fund disbursement towards the end of the financial year. However due to procurement procedure; the project took some time to start thereby leading to late implementation. These projects are now complete and are in use as per the attached photos and completion certificate.

Committee Observation

740. The Committee observed that a copy of AIE, completion certificates and photos were availed to the auditor for verification. The query was adequately addressed.

5. Unsatisfactory Implementation of Awendo Kenya Medical Training College Project

741. The balance of Kshs.85,200,000 includes transfer to tertiary institution amount of Kshs.16,650,000 which was transfer to Awendo Constituency Kenya Medical Training College (KMTC) for construction of tuition block (Kshs.14,200,000), construction of a kitchen (Kshs.1,450,000) and purchase of furniture (Kshs.1,000,000). The contract for two (2) of the construction projects was awarded to a local Company on 9 July, 2020 at a contract sum of Kshs.41,858,525 for a contract period of 48weeks. However, review of record and audit inspection revealed the following anomalies.

- i. the contract expired on 3rd November 2021 but works were completed on 11th January 2022 as per the practical completion certificate. Further, two of the payment to the contractor during the year under review amounting to Kshs.3,631,049 as per the certificates did not have the summary of work done.
- ii. The Project Management Committee (PMC) bank account balance disclosed in the financial statement as at 30th June, 2022 was Kshs.293,661, although the retention money of Kshs.2,173,879 was still due to the contractor. However, Management did not explain in which account the retention money was held.
- iii. The transfer of Kshs.1,450,000 for the construction of a kitchen was classified as an emergency item and charged from emergency vote but reported as a transfer to other Government units. No explanation was provided for this anomaly. However, the kitchen was not complete as the ceiling had not been fixed, cracks had already developed on the floor whereas the electrical works and the inside fittings had not been done.
- iv. the tuition block was complete but not in use. Review of available records revealed that the college was awaiting intake of students.
- v. The Kshs.1,000,000 incurred on purchase of furniture for the College was paid directly from the Constituency account, contrary to Section 36(1) of the National Government

Constituency Development Fund Act, 2015, Which states that projects under this Act to be implemented by the Project Management Committee appointed in accordance with the regulation made under Section 57

- vi. In the circumstance, Management was in breach of the law and the regularity and value for money of the transfer to tertiary institution expenditure of Kshs.16,650,000 could not be confirmed.

Management Response

742. The Fund Account Manager submitted that:

- (i) KMTC Awendo was a flagship project that is currently in operation. The project was successfully completed and certificate issued. This project was being implemented during covid-19 pandemic period thus affected contract period. Attached is the summary of work done and paid.
- (ii) As at 30th June 2022 the NGCDFC Awendo still owed KMTC PMC 2,100,000 in their account. So, the retention money was still at the NGCDFC main Bank account. Attached is the bank statement indicating when the funds were transferred to PMC.
- (iii) The management concurs with the auditor's observation that the voucher for the KMTC kitchen was erroneously classified under emergency. The error was noted and will be adjusted prior year adjustment. The cracked floors were noted after the liability defect period had expired and completion certificate issued.
- (iv) The college later admitted students and it is currently in use. Photos of the students in school are hereby attached.
- (v) Due to Covid 19 Pandemic, there was urgent need to admit medical students to help in giving care to patients admitted at Awendo Sub-County Hospital in addition to restriction of movement by PMC members who were not classified as financial service providers. This necessitated need to urgently procure the Furniture from the main account.

Committee Observation

743. The Committee observed that schedules of work done and payment, bank statements, completion certificates and photos were availed to the auditor for verification. The query was adequately addressed.

6. Poor Workmanship in implementation of Projects

i. Construction of Classroom to Completion at Obama Primary School

744. The transfer to other government unit's balance of Kshs.85, 200,000 includes transfers to primary schools' amount of Kshs.24,100,000 out of which Kshs.900,000 was disbursed to Obama Primary School for the construction of one (1) classroom. However, audit inspection carried out on 15th March 2023, revealed that the project was complete and in use, but the floor had worn out, an indication of poor workmanship. In the circumstance, value for money from the primary school project expenditure of Kshs.900, 000 could not confirm.

Management Response

745. The Fund Account Manager submitted that cracked floors happened after the defect liability period. The cracks on the floors were as result of normal usage of the facility coupled with scratch from desks dragged by pupils. Also, in the future management has agreed to use Terrazzo or tiles to mitigate the cracking of floors in subsequent years.

Committee Observation

746. The Committee observed that the completion certificates and photos were availed to the auditor for verification. The query was addressed.

ii. Construction of Classroom Project at Koyier primary School.

747. The transfer to primary school's balance of Kshs.24,100,000 includes an amount of Kshs.900,000 disbursed to Koyier Primary School for the construction of one (1) classroom at the School. However, audit inspection carried out on 15th March, 2023 revealed that the project was in use, but there were cracks on the floor and the project was not properly labelled since signage indicated name of an individual as the financier. This is contrary to the provisions of regulation 11 (1) (c) of the National Government Constituency Development Fund Regulation, 2016 which requires a constituency Committee to ensure that completed projects are labelled in accordance with the guidelines issued by the Board. In the circumstance, the management was in breach of the regulation and value for money of the expenditure of the Kshs.900,000 could not be confirmed.

Management Response

748. The Fund Account Manager submitted that Cracked floors happened after the defect liability period. The cracks on the floors were as result of normal usage of the facility coupled with scratch from desks dragged by pupils. Further the management has agreed to use Terrazzo or tiles to mitigate the cracking of floors in subsequent years. The project has been labeled correctly as per the attached photo.

Committee Observation

749. The Committee observed that completion certificates and photos were availed for audit verification. The query was adequately addressed.

iii. Renovation of Classrooms at Ombasa Primary School

750. The Transfer to primary school's balance of Kshs.24,100,000 also includes an amount of Kshs.1,000,000 disbursed to Ombasa Primary School for the renovation of five (5) classrooms at the School. However, audit inspection carried out on 15th March 2023 revealed that the project was in use, but the floor had worn out and window panes had already been vandalized.

In the circumstance, value for money of the expenditure of the Kshs.1,000,000 could not be confirmed.

Management Response

751. The Fund Account Manager submitted that the vandalism was due to pupils' movement while cracked floors happened after the defect liability period. The cracks on the floors were as result of normal usage of the facility coupled with scratch from desks dragged by pupils. Further in the future management has agreed to use Terrazzo or tiles to mitigate the cracking of floors in subsequent years. The management during PMC training advised all PMCS to teach pupils the benefit of protecting/securing the existing buildings.

Committee Observation

752. **The Committee observed that photo and completion certificate of the classrooms were availed to the auditor for verification. The query was adequately addressed.**

iv. Construction of a classroom at St. Pauline Malunga Mixed Sec. School

753. The transfers to other government units balance of Kshs.85,200,000 includes transfers to secondary schools' amount of Kshs.44,450,000 which further includes Kshs.800,000 disbursed to Malunga Mixed Sec School for the construction of one (1) classroom at the school. However, an audit inspection carried out on 15th March 2023 revealed that the classroom was in use, but its window panes had been vandalized, there were cracks on the floor and the project was not labelled. In the circumstance, value for money of the expenditure of Kshs.800,000 for the year ended 30th June 2022 could not be confirmed.

Management Response

754. The Fund Account Manager submitted that the vandalism was due to students strike while cracked floors happened after the defect liability period. The cracks on the floors were as result of normal usage of the facility coupled with scratch from desks dragged by students. Attached are the photos of branded project and completion certificate.

Committee Observation

755. The Committee Observed that photos and completion certificates were availed to the auditor for verification. The query was adequately addressed.

v. Completion of Dormitory at Kogelo Mixed Secondary School

756. The transfer to secondary schools' amount of Kshs.44,450,000 further includes a balance of Kshs.1,600,000 disbursed to Kogelo Mixed Secondary School for the completion of a dormitory at the school. However, an audit inspection carried out on 15th March 2023 revealed that the dormitory was in use, but its windows panes had been vandalized and there were

cracks on the floor, an indication of poor workmanship. In the circumstance, value for money of the expenditure of Kshs.1,600,000 could not be confirmed.

Management Response

757. The Fund Account Manager submitted that the project was completed and handed over to the school management who has been advised on the need to take care of the dormitory. The cracks on the floors happened after the defect liability period and were as a result of normal usage of the facility.

Committee Observation

758. The Committee observed that the photo confirming completed dormitory was availed for audit verification. The query was adequately addressed.

vi. Completion of a Laboratory at St. Nicholas Koyier Mixed Sec. School

759. The transfer to secondary school balance of Kshs.44,450,000 includes an amount of Kshs.1,000,000 disbursed to St. Nicholas Koyier Mixed Sec. School for the completion of a laboratory at the school. However, an audit inspection carried out on 15th March 2023 revealed that the project was in use, but there were cracks on the floor which is an indication of poor workmanship. In the circumstance, value for money of the expenditure of Kshs.1,000,000 could not be confirmed.

Management Response

760. The Fund Account Manager submitted that the project was completed and handed over to the school management who has been advised on the need to take care of the dormitory. The cracks on the floors happened after the defect liability period and were as a result of normal usage of the facility.

Committee Observation

761. The Committee observed that photos and completion certificates were availed for audit verification. The query was adequately addressed.

vii. Non-Branded Renovation of Classroom at Malunga Primary School

762. The transfers to primary schools of Kshs.24,100,000 further include Kshs.1,000,000 disbursed to Malunga Primary School for the renovation of Five (5) classrooms at the school. However, audit inspection carried out on 15th March 2023 revealed that although the project was complete and in use, the project was not labelled. This is contrary to the provision of Regulation 11(1) (c) of the National Government Constituency Development Fund Regulations, 2016, which requires a constituency Committee to ensure that completed projects are labelled in accordance with the guideline issued by the Board. In the circumstance, Management was in breach of the regulation.

Management Response

763. The Fund Account Manager submitted that the management concurs with the auditor's observation. However, the project has been branded and completion certificate issued.

Committee Observation

764. The Committee observed that photos and completion certificates were availed for audit verification. The query was adequately addressed.

viii. Unapproved Re-allocation of Project Funds and Poor Workmanship at Bondo Kogelo Primary School

765. The transfer to primary school's balance of Kshs.24,100,000 includes an amount of Kshs.1,000,000 disbursed to Bondo Kogelo Primary School for the construction of one (1) classroom at the school. However, the approved code list indicates that the amount was for renovation of 5 classrooms with a capacity of 222 pupils. This was contrary to Section 6 (2) of the National Government Constituency Development Fund Act, 2015, which states that once funds are allocated for a particular project, they shall remain allocated for the project and may only be re-allocated for any other purpose during the financial year with the approval of the Board. In addition, an audit inspection carried out on 15th March 2023 revealed that the project was complete and in use, but the floor had already worn out, an indication of poor workmanship. In the circumstance, Management was in breach of the law and value for money from the expenditure of Kshs.1,000,000 could not be confirmed.

Management Response

766. The Fund Account Manager submitted that, there was an error at the description in the payment voucher used while disbursing the fund to PMC. However, the payment voucher was corrected. The implemented project was the renovation of 5no classrooms as per the attached photo and corrected payment voucher and completion certificate

Committee Observation

767. The Committee observed that photographs confirming 5 classrooms were availed for audit verification. The query was adequately addressed.

ix. Unapproved Re-allocation of Project Funds and Delayed Construction of a Dining Hall at Komolorume Sec. School

768. The Transfers to other government units' balance of Kshs.85,200,000 includes transfers to secondary school amounting to Kshs.44,450,000 which further includes an amount of Kshs.1,500,000 which was disbursed to Komolorume Sec School for the construction of a dining hall. However, the approved project in the code list was the construction of a laboratory with a capacity of 60 students. This was contrary to Section 6 (2) Of the National Government Constituency Development Fund Act, 2015, which states that once funds are allocated for a

particular project, they shall remain allocated for the project and may only be re-allocated for any other purpose during the financial year with the approval of the Board. In addition, an audit inspection carried out on 15th March 2023 revealed that the project had been constructed up to the roof level only and the remaining works to complete the project had not been done. In addition, the contract agreement for the project and certificate from Public Works department were not provided for audit and the project had not been labelled. However, the school had no funds to continue with the project. In the circumstance, the Management was in breach of the law and value for the money from the expenditure of Kshs.1, 500,000 could not be confirmed.

Management Response

769. The Fund Account Manager submitted that during audit verification, the auditor found the student eating at already built science laboratory. However, the actual constructed project is science laboratory as indicated by the attached photo, completion certificate and code list

Committee Observation

770. The Committee observed that the code list, photo and completion certificate were availed for audit verification. The query was adequately addressed.

x. Non-Branded Administration Block at St. Joseph Bongu Mixed Sec. School

771. The Transfers to secondary school's amount of Kshs.44,450,000 includes a balance Kshs.2,750,000 transferred to St. Joseph's Bongu Mixed Sec School for the completion of one storey administration block at the school. However, an audit inspection carried out on 15th March 2023 revealed that the project was completed and in use, but it was not labelled. As a result, it was not possible to know whether the project was funded by the Fund. This is contrary to the provision of Regulation 11(1) (c) of the National Government Constituency Development Fund Regulation, 2016, which requires a constituency Committee to ensure that completed projects are labelled in accordance with the guideline issued by the Board. In the circumstance, Management was in breach of the regulation.

Management Response

772. The Fund Account Manager submitted that management concurs with the auditor's observation that during the audit verification the project had not been branded. However, the project has been branded.

Committee Observation

773. The Committee observed that the branded photo and certificate of completion were availed for audit verification. The query was adequately addressed.

7. Other grants and Transfers

i. Failure to report emergency Expenditure to the Board

774. The other grants and transfers balance of Kshs.88,536,259 includes an amount of Kshs.8,176,834 spent on emergency projects. However, no evidence was provided for audit to show that utilization of Kshs.8,176,834 from the emergency reserve was reported to the National Government Constituency Development Fund Board within thirty (30) days as required by Regulation 20 (2) of the National Government Constituency Development Fund Regulation, 2016. In the circumstance, management was in breach of the law.

Management Response

775. The Fund Account Manager submitted that management concurs with the auditor's observations and regretted having not sent the report in time to the board as required by the law which is highly regrettable. The management later reported Emergency report to the board as per the attached email.

Committee Observation

776. The Committee observed that the emergency report was availed for audit verification. The query was adequately addressed.

ii. Unsatisfactory Implementation of Emergency Projects

777. The expenditure on emergency projects of Kshs.8, 176,834 includes an amount of Kshs.6, 526,834 disbursed to various institutions. However, an audit inspection carried out in the month of March 2023 revealed the following unsatisfactory matters.

Project	Activity	Amount	Finding
Awendo Constituency KMTCC PMC	Construction of an ongoing project	1,600,000	It was not possible to isolate the works funded
Awendo Constituency KMTCC PMC	Construction of an ongoing project	1,200,000	It was not possible to isolate the works funded
Ombasa Primary School	Construction of 6 door pit latrine	600,000	Funds were used to renovates 2 classroom, plastering, screening and painting, instead of construction of 6 door pit latrine
St. Gabriel Siruti Sec School	Construction of 12 door pit latrine	850,000	Construction of 8, not 12 door pit latrine was ongoing.
Kachangwe Primary School	Construction of 4 door pit latrine	350,000	Construction completed, but project was not branded. School was in a deplorable state of affairs.

St. Pauline Sec School	Replacement of blown off roof of teachers houses	500,000	The project was completed and in use, but was not branded.
Total		5,100,000	

778. In the circumstance, value for money from the emergency expenditure of Kshs.6,526,834 could not be confirmed.

Management Response

779. The Fund Account Manager submitted that, here attached are the requests for Emergency from PMCs showing that this need could not wait and indeed were emergencies. Also Attached are photos of the projects before the implementation. We also visited the projects before funding and came up with the resolution that actually these projects needed emergency funds.

Summary of status

Project	Activity	Project status
Awendo Constituency KMTC PMC	Construction of an ongoing project	Complete and in use
Awendo Constituency KMTC PMC	Construction of an ongoing project	Complete and in use
Ombasa Primary School	Construction of 6 door pit latrine	Complete and in use
St. Gabriel Siruti Sec School	Construction of 12 door pit latrine	Complete and in use
Kachangwe Primary School	Construction of 4 door pit latrine	Complete and in use
St. Pauline Sec School	Replacement of blown off roof of teachers houses	Complete and in use

Committee Observation

780. The Committee observed that the request letters and photos were availed for audit verification. The query was adequately addressed.

iii. Un-utilized Central Sakwa Chief Office

781. The other grants and transfers balance of Kshs.88,536,259 includes expenditure on security projects of Kshs.4,250,000 out of which, an amount of Kshs.1,600,000 was spent on

construction of an office at Central Sakwa Chiefs' Office. However, an audit inspection carried out on 15th March 2023 revealed that the project was completed, but not in use. In the circumstance, value for money of the expenditure of Kshs.1,600,000 on security project could not be confirmed.

Management Response

- 782.** The Fund Account Manager submitted that management was told by the specific chief that she was away on official duty to do raid on illegal brews and substance when the auditors went for audit review. The project is complete and is in use. We have attached photo of the exterior front of the office and Chief seated in the office on a working day offering services to locals.

Committee Observation

- 783.** The Committee observed that completion certificates and photos were availed for audit verification. The query was adequately addressed.

3.4 NORTH IMENTI CONSTITUENCY

784. The Fund Account Manager for **North Imenti Constituency** appeared before the Committee on Wednesday 21st August 2024, tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows:

3.4.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Failure to maintain general ledger

785. The Constituency Development Fund Committee (CDFC) did not maintain or cause to maintain the general ledger for recording the financial transactions. The balances in the accounts were obtained from schedules. Consequently, it has not been possible to ascertain the completeness and accuracy of the balances in the financial statements as of 30 June 2014.

Management Response

786. The Fund Manager provided that the balances in the financial statements were obtained from the annual expenditure returns derived from the cash book. The NG-CDF board has since acquired a vote book management information system from which all balances of various expenditure items can be obtained.

Committee Observation

787. The Committee observed that the ledgers reconstructed from the cashbook and vote book were availed for audit verification thereby addressing the query.

3.4.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1. Cash and cash balances

788. The bank reconciliation statement reflects unpresented cheques totaling Kshs.4,058,115 which include stale cheques amounting to Kshs.157,500 and which had not been reversed in the cashbook.

Committee Observation

789. The Committee observed that the cheques were reversed and replaced in the subsequent financial year. The cash book extract was availed for audit verification. The query was adequately addressed.

2. Unsupported Expenditure

790. The statement of receipts and payments reflects a total amount of Kshs.94,389,908. However, the following expenses were not supported.

2.1 Committee sitting allowances

791. The constituency noted the omission of not maintaining the attendance register and has implemented it in the subsequent financial years. Kshs.2,549,000 spent on Committee expenses not supported with an attendance register to confirm the participations by the payees.

Management Response

792. The management provided that Kshs.2,549,000 was the Committee expenditure during the year, the minutes of Committee meetings indicate the participants who attended the meetings and paid the Committee allowances.

Committee Observation

793. The Committee was informed that the management had noted the omission of not maintaining the attendance register and implemented it in the subsequent financial years and was satisfied with the response and evidence provided. The query was thereby addressed.

2.2 Unaccounted for bursary funds

794. During the period, Kshs.19, 275,500 was paid as bursaries. Only bursaries amounting to Kshs.7, 235,800 or 38% were acknowledged through letters of acknowledgment leaving a balance of Kshs.1, 039,700 or 62% unaccounted for.

Management Response

795. The Management provided an agreement with Posta Kenya for delivery of bursary cheques to institutions and only get paid for what has been successfully delivered and acknowledged by learning institutions.

Committee Observation

796. The Committee observed that cheques were disbursed through the Postal Corporation of Kenya and acknowledged. A contract agreement with the Postal Corporation of Kenya was provided for audit verification. The audit query was addressed.

3. Abandoned School Project

797. During the financial year, 2011/2012, Meru Muslim Secondary School was allocated Kshs.950,000 by the CDF for the construction of a classroom block whose construction started without approval from NEMA. After incurring an expenditure of Kshs.800,000 the project was abandoned at the foundation level. No records (including PMC minutes and CDFC monitoring minutes) were provided for audit review.

Management Response

798. The Fund manager provided that the School was allocated further development funds subsequently, but the funds had to be reallocated due to the disputes affecting the management

of both Meru Muslim primary and secondary schools which are built on one parcel of land. The dispute has since been resolved and construction continued on the substructure works earlier initiated. The 4-classroom block is complete for it to be occupied. A Codelist and re-allocation approval from the Board was availed to the auditor for review.

Committee Observation

799. The Committee observed that the code list and re-allocation approval from the board was availed for audit review. The audit query was addressed

4. Idle Kathurine market shed fund

800. Kshs.200,000 was paid to Kathurine Market PMC for the construction of temporary sheds. Although the funds were paid to the PMC on 27 February 2015 and banked in the PMCs bank account on 13 April 2015, no structure had been put up at the time of audit verification on 1 March 2016.

Management Response

801. The sheds were subsequently built for the benefit of the traders and are still in use today. The delay in construction was caused by the unresponsiveness of the county government in allocating a specific site for the construction despite constant reminders. The photo for the temporary shed has been availed to the auditor for review.

Committee Observation

802. The Committee was satisfied with the management's response. It further noted that photographs of the sheds were submitted to the Office of the Auditor General for verification thereby addressing the query.

Other Matter

5. Budgetary Control And Performance

803. The CDF budgeted to receive Kshs.95,970,233 but only received Kshs.88,350,310. Kshs.47,985,086 of the budget was not received. In addition, the statement of receipts and payments reflects receipts of Kshs.97,911,387 and payments of Kshs.94,389,908 resulting in unutilized funds of Kshs.3,521,479.

Management Response

804. Kshs.47,985,147 was funds to be received during the financial year but were later received in the subsequent financial years. The late disbursement was occasioned by late release of funds by the exchequer.

Committee Observation

805. The Committee observed that the late disbursement of funds was due to late exchequer. Copy of the AIE's were availed for audit review and the audit query was addressed.

6. Project Execution and Management

806. The approved budget for development projects was apportioned among various sectors within the constituency namely primary schools, secondary schools, water projects, sports, environment, security, roads and bridges and emergency services. The total funds allocated amounted to Kshs.66,419,035 which represented 69.1% of the total budget. A review of the project implementation status report revealed that 106 projects were planned but 21 projects were completed, 40 had not started and 45 were ongoing as follows;

Sector	Project status	Amount allocated Kshs	Amount disbursed Kshs	No of projects
Education	completed	6,337,931	6,337,931	18
	ongoing	15,550,000	14,950,000	34
	Not started	12,400,000	-	22
	Sub total			74
Sports	completed	-		
	ongoing	-		
	Not started	1,811,000		01
	Sub total	1,811,000		01
Environment	completed	-		
	ongoing	-		
	Not started	1,811,000		01
	Sub total	1,811,000		01
Security	completed	200,000	200,000	01
	ongoing	504,846	504,845	03
	Not started	1,000,000	-	05
	Sub total	1,704,845	704,845	09
Water	completed	600,000	600,000	02
	ongoing	600,000	600,000	02
	Not started	1,604,000	-	06
	Sub total	2,804,000	1,200,000	10
Roads And Bridges	completed	-		
	ongoing	-		
	Not started	1,200,000		03

	Sub total	1,200,000		03
Others	completed	-		
	ongoing	6,000,000	6,000,000	05
	Not started	11,200,000	-	02
	Sub total	17,200,000	6,000,000	07
Emergency	completed			
	ongoing	5,400,259	944,713	01
	Not started			-
	Sub total	5,400,259	944,713	01
	Grand Total	66,219,035	29,937,489	106

807. Out of the portfolio of one hundred and six projects budgeted to cost Kshs 69,419,035, forty-five projects allocated Kshs.28,055,105 were ongoing while 40 projects allocated Kshs.31,026,000 had not yet commenced as at 30 June 2015.

808. Execution and management of the projects appears to have posed a significant challenge to the fund since projects planned and budgeted for were not executed for the benefit of the residents of North Imenti constituency.

Management Response

809. The project's implementation was delayed due to late disbursement by the ex-chequer. The project implementation status has been availed to the auditor for review.

Committee Observation

810. The Committee observed that the project implementation was delayed due to late disbursement by the exchequer and the project implementation status had been availed to the auditor for review. The Committee was satisfied with the response provided and the query was therefore addressed.

3.4.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1. Bursary funds

1.1 Non-Acknowledgement of Bursary Funds

811. Note 7 of the Notes to the financial statements reflected bursaries totalling to Kshs.27,478,000 comprising of Kshs. 15,639,500, Kshs.11,540,500 and Kshs.298,000 disbursed to secondary schools, tertiary institutions, and special schools respectively as at 30 June 2016. However, only bursaries totaling Kshs.10,616,000 (38.6%) were acknowledged by the beneficiaries through letters of acknowledgment or issue of official receipts leaving a balance of Kshs.16,862,000 (61.4%) unacknowledged by the beneficiary institutions.

812. Under the circumstances, it has not been possible to ascertain whether the bursaries amounting to Kshs.16,862,000 benefited the intended beneficiaries and were expended as appropriated, as at 30 June 2016.

Management Response

813. The bursary funds were disbursed very close to the end of the financial year hence most of them were still on transit as at the time of the audit. Some of the institutions never used to acknowledge receipt of bursaries though the students would benefit and be issued with individual receipts. The fund Committee has since entered into an agreement with Posta Kenya for delivery of bursary cheques to institutions and only get paid for what has been successfully delivered and acknowledged by learning institutions. A copy of the Postal Corporation of Kenya contract has been availed to the auditor for review.

Committee Observation

814. The Committee observed that the bursary funds were disbursed through cheques via the Postal Corporation of Kenya. The contract agreement with Postal Corporation of Kenya was provided for audit verification and the query was addressed.

1.2 Irregular Award to Boda Boda Riders

815. Note 7 of the Notes to the financial statements reflected bursaries of Kshs.11,540,500 disbursed to tertiary institutions which included Kshs. 964,000 for boda boda riders as at 30 June 2016. The funds were disbursed to Mutuntu and Delite Driving Schools to offer 241 riders training. However, the award was contrary to Constituency Development Fund Board Circular of 13 September 2010 as the beneficiaries never applied for the bursaries and no vetting was done to establish whether the cases were needy. Further, the driving licenses submitted to the CDF office were 124 out of the expected 241 and it was not possible to establish whether the remaining 117 cases completed the course.

816. In the circumstances, it has not been possible to confirm the regularity of the Kshs.964,000 bursaries awarded to boda boda riders and whether it was a proper charge to public funds as at 30 June 2016.

Management Response

817. The boda boda operators had applied jointly through their boda boda groups to be assisted to obtain driving licenses from the fund. The fund Committee considered funding the 241 applicants at Kshs.4,000 each since the many boda boda accidents were killing and maiming many riders including their clients many of whom were day school students. The other riders also completed their course and were issued with licenses.

Committee Observations

818. The Committee observed that:

- (i) The agreement/contract between the constituency and Mutuntu and Delite Driving School was not availed for audit review.
- (ii) Only 124 driving licenses were submitted to the CDF Office out of the expected 241.

819. The query was not addressed.

Committee Recommendation

820. Within three (3) months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B the Accounting Officer should submit a copy of the contract between the driving school and the constituency, and the remaining 117 names and driving licences to the National Assembly.

2. Unutilized Funds for Meru Muslim Primary School Project

821. Records made available showed that Kshs.1,200,000 was disbursed to Meru Muslim Primary School on 26 January 2016 vide cheque number 6764 for the construction of two classrooms. However, physical verification done on 23 January 2017, revealed that the construction of the two classrooms had not commenced almost one year after the funds were disbursed. No documents were made available to show why the funds remained unutilized during a year instead of reallocating the same to other needy projects for the benefits of the constituents. Further, the custody and safety of the funds was not confirmed.

822. Under the circumstances, the residents of North Imenti Constituency did not receive value for money equivalent to Kshs.1,200,000.

Management Response

823. There had been wrangling within the board members in the neighbouring Meru Muslim Day Secondary School resulting in court cases which was spilling over to the primary school affecting project implementation in both institutions. The project was eventually implemented. Completion certificate and photos have been availed to the auditor for review.

Committee Observation

824. The Committee observed that the project was implemented. However, the completion certificate and photos were not availed to the auditor for review. The query was not addressed.

Committee Recommendation

825. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit a copy of the contract between the driving school and the constituency, and the remaining 117 names and driving licences to the National Assembly.

3. Irregular Award of Tender for CDF Office Construction

- 826.** Note 8 of the Notes to financial statements reflects Kshs.5,000,000 in respect to acquisition of assets (completion of the National Government Constituencies Development Fund office-North Imenti) allocated and disbursed during the year under audit. However, the Project Management Committee (PMC) adopted restricted tendering instead of open tendering as stipulated by the Section 96(2) of the Public Procurement and Asset Disposal Act, 2015.
- 827.** Further, during tender evaluation, the Committee made correction on the tender document of the winning bidder from the submitted sum of Kshs.4,813,070 to Kshs.4,815,070 contraries to provisions of Section 82 of the Public Procurement and Asset Disposal Act, 2015 which prohibits any alterations or amendments whatsoever on the submitted tender sum by any person or entity.
- 828.** In the circumstances, the award of the contract for the completion of the CDF Offices was irregular and it was not possible to ascertain whether the Fund got value for money equivalent to the Kshs.4,815,070 contract and expenditure.

Management Response

- 829.** The constituency restricted the tender advertisement to firms within the constituency. There were capacity challenges within the project management Committee where during evaluation they noted an arithmetic error in the tender document which they noted and indicated the correct tally oblivious of the legal provision prohibiting any corrections. The fund committed to continuously build the capacity for Project Management Committees.

Committee Observation

- 830.** The Committee observed that, during evaluation, the Project Management Committee identified an arithmetic error in the tender document and proceeded to indicate the corrected tally. This action was in contravention of procurement laws, which expressly prohibit any alterations to tender documents. Nonetheless, the Committee was satisfied with the response provided and the audit query addressed.

Other Matter

4. Budget Control and Performance

- 831.** The combined summary statement of appropriation reflects a final budget of Kshs.101,604,299. However, out of the Kshs.101,604,299 approved budget for the year, only Kshs. 86,104,299 (84.75%) was disbursed during the year leading to a revenue shortfall of Kshs. 15,500,000 (15.25%). In addition to the Kshs.101,604,299 approved budget for the year, the Fund had a cash balance of Kshs.3,381,319 brought forward from the 2014/2015 and a further Kshs.47,985,117 which was budgeted for in 2014/2015 but was released by the Board in 2015/2016. Therefore, the total budget available for the Fund during the year totalled to Kshs.152,970,735. However, out of the Kshs.152,970,735 total budget for the year only

Kshs.123,028,579 (80.43%) was spent during the year while Kshs.29,942,156 remained unutilized as at 30 June 2016 as shown below;

Revenue Expense Item	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on Comparable Basis Kshs	Variance Kshs	Performanc e %
RECEIPTS						
Cash Balance B/F	-	3,381,319	3,381,319	3,381,319	-	
Transfers from CDF Board	101,604,299	47,985,117	149,589,416	134,089,416	15,500,000	89.6
Other Receipts	-	-	-	1,012,830	(1,012,830)	
Total Recepts	101,604,299	51,366,436	152,970,735	138,483,565	14,487,170	
Payments						
Compensatio n of employees	2,285,280	1,900,000	4,185,280	1,370,628	2,814,652	33
use of goods and services	1,885,039	2,756,411	4,641,450	1,140,222	3,501,228	25
Committee expenses	4,450,000	3,700,000	8,150,000	2,573,600	5,576,400	32
transfer to other government units	49,450,000	13,400,000	62,850,000	54,050,000	8,800,000	86
other grants and transfers	42,524,380	18,410,025	60,934,405	58,884,529	2,049,876	97
social security benefits	9,600	-	9,600	9,600	-	100
acquisition of assets	1,000,000	11,200,000	12,200,000	5,000,000	7,200,000	41
Total payments	101,604,299	51,366,436	152,970,735	123,028,579	29,942,156	

832. Further, other receipts totalling to Kshs. 1,012,830 comprised of Kshs.700,800 realized from lease of rental offices and Kshs. 312,030 from compensations from Heritage Insurance Company Limited had not been budgeted for as Appropriation-in-Aid (AID) as AIA. The residents of North Imenti Constituency did not therefore, get promised and expected services equivalent to the Kshs. 15,500,000 revenue shortfall and the Kshs.29,942,156 unutilized funds as at 30 June 2016.

Management Response

- 833.** The amounts for AIA and compensation from an insurance company were awaiting verification and approval by the board before being budgeted for projects. Funds which had been received close to the end of the financial year were still being processed at the sub county treasury by 30th June 2016.
- 834.** Kshs.29,924,156 was un-utilized funds by the end of year due to funds being received late from the Ex-chequer. Copy of AIEs was availed to the auditor for review. Kshs.1,012,830 is AIA that could not be spent because it needed authority from the Board.

Committee Observation

- 835.** The Committee observed that copies of AIE's were availed for audit review thereby addressing the query.

5. Project Implementation and Management

- 836.** The approved budget for development projects was apportioned among various sectors within the constituency namely primary schools, secondary schools, water projects, sports, environment, security, roads and bridges and emergency services.
- 837.** Review of the project implementation status report revealed that 115 projects were planned but only 69 projects were completed, 3 had not started and 43 were ongoing a follows;

Sector	Project Status	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No. of projects
Education	Completed	20,250,000	20,250,000	44
	Ongoing	14,200,000	14,200,000	29
	Not started	-	-	-
	Sub Total	34,450,000	34,450,000	73
Water	Completed	3,700,000	3,700,000	15
	Ongoing	300,000	300,000	1
	Not started	-	-	-
	Sub Total	4,000,000	4,000,000	16
Security	Completed	1,000,000	1,000,000	2
	Ongoing	3,000,000	3,000,000	7
	Not started	400,000	400,000	1
	Sub Total	4,400,000	4,400,000	10
Roads Bridges	Completed	2,240,000	2,240,000	8
	Ongoing	600,000	600,000	3
	Not started	1,000,000	1,000,000	2
	Sub Total	3,840,000	3,840,000	13

Environment	Completed	-	-	-
	Ongoing	1,200,000	1,200,000	1
	Not started	-	-	-
	Sub Total	1,200,000	1,200,000	1
Sports	Completed	-	-	-
	Ongoing	1,916,733	1,916,733	1
	Not started	-	-	-
	Sub Total	1,916,733	1,916,733	1
Emergency	Completed	-	-	-
	Ongoing	5,767,647	5,767,647	1
	Not started	-	-	-
	Sub Total	5,767,647	5,767,647	1
Grand Total		55,574,380	55,574,380	

838. From the analysis, out of the 115 projects, 3 projects with an approved budget of Kshs.1,400,000 had not started even though the whole allocation had been disbursed for the three projects as at 30 June 2016.

839. In the circumstance, it has not been possible to ascertain that the Fund would implement all projects as budgeted.

Management Response

840. The projects implementation was delayed due to late disbursement by the Ex-chequer. The project implementation status has been availed to the auditor for review.

Committee Observation

841. The Committee observed that project implementation was delayed due to late disbursement by the exchequer and the project implementation status was availed to the Office of the Auditor General for review. Consequently, the query was addressed.

3.4.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1. Project Management Committee (PMC) Bank Accounts

842. The financial statements indicated 86 (eighty-six) Project Management Committee (PMC) bank accounts with balances totaling to Kshs.15,783,216 as at 30 June 2017. However, the Fund did not provide the bank statements, cash books and bank reconciliation statements for these bank accounts for audit review.

843. In the circumstances, the accuracy and completeness of Kshs.15,783,216 PMC bank accounts balances as of 30 June 2017 could not be ascertained.

Management Response

- 844.** The bank balances provided were mainly project management Committee funds disbursed in the month of May and June 2016 whose projects were ongoing as at the year end. Bank statements to support the same have since been reviewed by the auditors for confirmation. There are serious capacity challenges at the PMC level especially in maintaining books of accounts and preparation of the bank reconciliation statements. The NG-CDFC will continuously build the capacity of the PMCs to maintain the necessary records.

Committee Observation

- 845.** The Committee observed that the management did not provide the cashbook extract, bank reconciliation and PMC bank statements. The audit query was not addressed.

Committee Recommendation

- 846.** The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the cashbook extract, bank reconciliation and PMC bank statements to the National Assembly.

2. Kinoru Chief's Camp

- 847.** During the financial year under review, Kinoru Chief's Camp was allocated Kshs. 500,000 for construction of Chief's office and Kshs.100,000 as an emergency for completion of security office toilet. The funds were transferred through payment voucher No. 30 dated 03/09/2016 and payment voucher No. 38 dated 27/03/2017 respectively. However, records of PMC minutes, accounting documents, expenditure returns, and bank statements, bill of quantities, quotations and inspection certificates were not provided for audit review. Further, physical inspection done on 22 May 2018 revealed that the Chief's Office and the toilets had been demolished during the construction of Kinoru Stadium.
- 848.** Consequently, the value for money and accountability of the Kshs.600,000 expenditures as at 30 June 2017 could not be ascertained.

Management Response

- 849.** The chief's office and the toilet among other security infrastructure including the assistant county commissioner's office were demolished to give room for the upgrading Kinoru Stadium to international standards. Sports Kenya committed itself to compensating the residents through the construction of other infrastructure on an identified piece of government land but to date, there has been no compensation. A commitment letter from Sports Kenya has been availed to the auditor for review.

Committee Observation

850. The Committee observed that the management did not provide the completion certificates, hand over minutes and letters or agreement. The audit query was not addressed.

Committee Recommendation

851. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the completion certificates, hand over minutes and letters or agreement to the National Assembly.

Other Matter

3. Budgetary Control and Performance

852. During the financial year under review, the Fund had an approved budget of Kshs. 112,851,537 comprising of Kshs. 30,954,985 being the unutilized funds for the financial year 2015/2016 brought forward to 2016/2017 and Kshs. 81,896,552 budget for the financial year under review. The total expenditure by the Fund in the financial year 2016/2017 was Kshs. 95,126,453 representing an absorption rate of 84% of the total approved budget as shown below;

Expenditure Analysis	Budget Kshs.	Actual Kshs.	Variance Kshs.	Absorption Kshs.
Compensation of Employee	2,437,400	2,276,611	160,789	93%
Use of Goods and services	3,031,026	2,359,489	671,537	78%
Committee Expenses	4,300,000	3,626,600	673,400	84%
Transfer to Other Government Unit	46,793,950	39,700,000	7,093,950	84%
Other Grants and Transfers	54,879,561	45,794,733	9,084,828	83%
Social Security Benefits	9,600	9,600	0	100%
Acquisition of Assets	1,400,000	1,359,420	40,580	97%
Total	112,851,537	95,126,453	17,725,084	84%

853. In the circumstances, the Constituents did not receive promised and expected service equivalent to Kshs.17,725,084 under-expenditures as at 30 June 2017.

Management Response

854. Most of the unspent funds were funds released in the month of June 2016 which were still being processed as at the closure of the financial year. Other balances were for administrative purposes and could only be spent once the services were rendered e.g., staff salaries and other emoluments such as provisions for staff gratuities payable at the expiry of service contracts. AIE and Cash book extract have been availed to the auditor for review.

Committee Observation

855. The Committee observed that the AIE and cashbook extract were availed to the auditor for review and was satisfied with the management response. The query was addressed.

4. Project Implementation

856. The project implementation status made available for audit indicated that a total of Kshs.65,325,000 was disbursed to ninety-one (91) projects, out of which forty-two (42) projects amounting to Kshs.44,955,000 were ongoing, while forty-nine (49) projects amounting to Kshs.20,370,000 were completed as shown below;

No.	Sector	Project Status	Amount Disbursed (Kshs.)	No. of Projects
1	Education	Complete	15,100,000	26
		Ongoing	11,900,000	21
		Sub Total	27,000,000	47
2	Bursary	Ongoing	23,955,000	1
		Sub Total	23,955,000	1
3	CDF Office	Ongoing	1,000,000	1
		Sub Total	1,000,000	1
4	Emergency	Complete	2,720,000	13
		Ongoing	1,250,000	4
		Sub Total	3,970,000	17
5	Security	Complete	2,550,000	10
		Ongoing	6,850,000	15
		Sub Total	9,400,000	25
GRAND TOTAL			65,325,000	91

857. In view of the foregoing, the constituents did not get promised and expected services equivalent to the forty-two (42) ongoing projects worth Kshs. 44,955,000 as at 30 June 2017.

Management Response

- 858.** The projects implementation was delayed due to late disbursement by the Ex-chequer. The project implementation status, completion certificates and photos were availed to the auditor for review.

Committee Observation

- 859.** The Committee observed that project implementation was delayed due to late disbursement by the Ex-chequer and the project implementation status was availed to the auditor for review. The query was adequately addressed.

3.4.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1. Unaccounted for Bursary

- 860.** The financial statements reflect other grants and other payments totalling to Kshs. 25,408,000 which included Kshs.13,429,000, Kshs.7,921,000 and Kshs.208,000 in respect to the bursary to secondary, tertiary and special schools respectively all totaling Kshs.21,558,000. However, only bursaries totalling to Kshs17,120,000 were acknowledged by the respective beneficiary schools through the issuance of acknowledgment receipts while bursaries totalling to Kshs.4,438,000 were not acknowledged or accounted for by the recipient schools.
- 861.** In this circumstance, it was not possible to ascertain whether the Kshs.4,438,000 bursaries were received by the respective schools and the same was expended as appropriated during the year ended 30 June 2018.

Management Response

- 862.** The fund Committee has since entered into an agreement with Posta Kenya for the delivery of bursary cheques to institutions and only gets paid for what has been successfully delivered and acknowledged by learning institutions. A copy of the Postal Corporation of Kenya contract was availed to the auditor for review.

Committee Observation

- 863.** The Committee observed that the contract agreement with the Postal Corporation of Kenya was provided for audit verification. The audit query was addressed.

2. Project without Budget and Work Plan

- 864.** The financial statements reflect Kshs.20,850,000 and Kshs.25,408,000 expenditures both totaling to Kshs.46,258,000 in respect to transfers to other government entities and other grants and other payments respectively which included Kshs.13,800,000, Kshs.7,050,000, Kshs.1,850,000 and Kshs.2,000,000 in respect to transfer to primary and secondary schools, security, and emergency projects respectively all totaling to Kshs.24,700,000. However, review of the project files provided revealed that they did not contain requisite budget and work plan showing how funds were to be used. Further, review of documents provided

revealed that bills of quantity were prepared by masons who might have lacked technical expertise contrary to Section 15(4) of the National Government Constituencies Development Fund Regulations, 2016 which stipulates that the project management Committee shall prepare the requisite budgets and bills of quantities, assisted by relevant government officers; and work plans showing how it intends to utilize the funds given to it for implementing the project, which shall be approved by a Constituency Committee.

- 865.** In addition, cashbooks, bank reconciliations, inspection and acceptance Committee minutes and certificate of completion were not availed for audit. In the circumstances, the propriety of Kshs. 24,700,000 for the year ended 30 June 2018 could not be ascertained.

Management Response

- 866.** Though the masons would make their quotations for labor and materials procured separately in line with the spirit of the fund to build local capacities at the grassroots level, the projects would be supervised by the works engineers from the Ministry of Public Works. The fund has since moved from labour labor-based contracting method to full contracting for ease of project management. The project Committees cannot also maintain proper books of accounts and other records. The fund will continue to build the project management Committees' capacity through regular training. A copy of the approved code list and BQ prepared by the Sub-County Works Officer was availed.

Committee Observation

- 867.** The Committee observed that a copy of the approved code list and BQ was prepared by the Sub-County Works Officer and provided by the management for audit review. The query was addressed.

2.1 Project Management Committee (PMC) - Cash and Bank Balances Failure by Project Management Committee to Submit Cashbook and Bank Reconciliation Statements

- 868.** The financial statements reflect Kshs. 19,729,256 with respect to project management Committee (PMC) bank balances. However, cashbooks and bank reconciliation statements as required by Sections 100 and 90 (1), (3) of the Public Finance Management (National Government) Regulations 2015 which stipulate that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall ensure that bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month were not provided for audit review.

- 869.** In the circumstances, it has not been possible to ascertain the accuracy of Kshs.19,729,256 project management Committee (PMC) bank balances as at 30 June 2018.

Management Response

- 870.** The project Committees lack capacity to maintain proper books of accounts and other records. The fund will continue to build the project management Committees' capacity through regular training. Certified Bank balances were however provided to support the bank balances.

Committee Observation

871. The Committee observed that the management did not provide the cashbook extract, bank reconciliation and PMC bank statements. The audit query was not addressed.

Committee Recommendation

872. Within three (3) months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the cashbook extract, bank reconciliation and PMC bank statements to the National Assembly.

2.2 Variance in the Financial Statements

873. Annex 4 to the financial statement reflects a PMC bank balance comparative balance of Kshs. 1,179,169 for the financial year 2016/2017 while the Auditor General's certified financial statements for year 2016/2017 reflects a balance of Kshs. 15,783,278.35 resulting in unreconciled and unexplained variances of Kshs. 14,604,109.35. In the circumstances, it has not been possible to ascertain the accuracy of Kshs. 1,179,169 project management Committee (PMC) bank balances as at 30 June 2018.

874. In addition, the PMC bank balances and the summary of fixed assets included in the financial statements for the year under review are both referred to as annex 4.

Management Response

875. The comparative figure for the previous year was wrongly captured in the current financial statement. The comparative figure has been amended to reflect the correct figure. PMC bank balances has been amended to read Annex 5 instead of Annex 4. A copy of the Annex 4 and comparative bank balance was availed to the auditor for review.

Committee Observation

876. The Committee observed that the errors were addressed through the journal entries thereby addressing the audit query.

Other Matter

3. Budgetary Control and Performance

3.1 Receipts

877. The summary statement of appropriation recurrent and development combined reflects approved budgeted receipts of Kshs.116,400,459 and actual income of Kshs.62,036,456 resulting in net under receipts of Kshs.54,364,003 as summarized below;

Items	Current year Final Budget	Actual Receipts	Under Receipts (Kshs)	Budget Absorption %
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	Figures (Kshs)	Figures (Kshs)		
Receipts				
Transfer from CDF	115,979,979	61,615,976	54,364,003	47%
Board Other Receipts	420,480	420,480	0	0%
Total	116,400,459	62,036,456	54,364,003	47%

878. In overall, the fund failed to actualize its budget by Kshs.54,364,003 or 53% an indication that most of the programs and activities that had been planned were not implemented.

Management Response

879. The under-absorption was occasioned by the late disbursement of funds by the exchequer. The funds were received in Subsequent financial years and projects were done to completion. AIE has been availed to the auditor for review.

Committee Observation

880. The Committee observed that the under-absorption was due to late disbursement of funds by the exchequer. AIE showing funds were received in subsequent financial years had been availed to the auditor for review. The audit query was addressed.

3.2 Expenditure

881. The summary statements of appropriation recurrent and development reflected an approved budgeted expenditure of Kshs.116,400,459. However, only Kshs.53,074,043 (54%) was spent resulting in an under-expenditure of Kshs.63,326,416 as follows.

Items	Current Year Final Budget Figures (Kshs)	Actual Expenditure Figures (Kshs)	Under Absorption (Kshs)	Budget Absorption %
Expenditure				
Compensation of Employee	2,460,600	1,683,679	776,921	32%
Use of goods and services	9,426,056	5,132,364	4,293,692	46%
Transfer to other	42,000,000	20,850,000	21,150,000	50%

Government entities, Other Grant and Transfers	53,502,743	25,408,000	28,094,743	53%
Acquisition of Assets	8,590,580	0	8,590,580	100%
Allocation Waiting board	420,480	0	420,480	100%
Total	116,400,459	53,074,043	63,326,416	54%

882. In overall, the National Government Constituencies Development Fund - North Imenti Constituency under spent its budget by Kshs.63,326,416 or 46% of the total budgeted allocation an area which may be revisited in the next budgeting cycle. There is need therefore for the management to re-look at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the residents of North Imenti Constituency. This may also be an indication of improper planning and defective budgetary preparation process. As a result, the residents of the constituency did not get the expected services on the budgeted amount of Kshs.63,326,416 being under expenditure during the year ended 30 June 2018.

Management Response

883. The under-expenditure was occasioned by the late disbursement of funds by the exchequer. The funds were received in Subsequent financial years and projects were done to completion. AIE was availed to the auditor for review.

Committee Observation

884. The Committee observed that the under-expenditure was due to late disbursement of funds by the exchequer. AIE showing funds were received in subsequent financial years had been availed to the auditor for review thereby addressing the query.

4. Project Implementation Status

885. A review of the Fund's project implementation status report for the year under review revealed that one hundred and eighty (180) projects worth Kshs.102,449,083 were budgeted to be implemented during the year under review. However, only four (4) projects worth Kshs.1,400,000 had been completed while forty-eight (48) projects worth Kshs.44,858,000 were ongoing and one hundred and twenty-eight (128) projects worth Kshs.56,191,083 had not started as of 30 June 2018 as follows.

Sector	Project Status	Amount Allocated	Amount Disbursed	Number of Projects
Education	Completed		-	0

	Ongoing	20,850,000	20,850,000	38
	Not Started	21,625,000	-	65
	Sub Total	42,475,000	20,850,000	103
Bursary	Completed		-	0
	Ongoing	21,558,000	21,558,000	1
	Not Started	2,310,345	-	0
	Sub Total	23,868,345	21,558,000	1
Security	Completed		-	0
	Ongoing	1,850,000	1,850,000	7
Sector	Project Status	Amount Allocated	Amount Disbursed	Number of Projects
	Not Started	12,796,200	-	9
	Sub Total	14,646,200	1,850,000	16
Environment	Completed	-	-	0
	Ongoing	-	-	0
	Not Started	1,554,000	-	50
	Sub Total	1,554,000	0	50
Emergency	Completed	1,400,000	1,400,000	4
	Ongoing	600,000	600,000	2
	Not Started	3,137,931	-	0
	Sub Total	5,137,931	2,000,000	6
Sports	Completed	-	-	0
	Ongoing	-	-	0
	Not Started	1,500,000	-	1
	Sub Total	1,500,000	0	1
Purchase of ICT Hub	Completed	-	-	0
	Ongoing	-	-	0
	Not Started	4,677,027	-	1
	Sub Total	4,677,027	0	1
Purchase of Motor Vehicle	Completed	-	-	0
	Ongoing	-	-	0
	Not Started	7,650,000	-	1
	Sub Total	7,650,000	0	1
Acquisition of Assets	Completed	0		
	Ongoing	0		
	Not Started	940,580		
	Sub Total	940,580	0	1

	Total	102,449,083	46,258,000	180
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Management Response

886. Some projects were on-going, and others has not started by the time of audit due to late disbursement of funds by the Ex-chequer. The projects are now complete and in use. A copy of project implementation status has been availed to the auditor for review.

Committee Observation

887. The Committee observed that the projects were delayed due to late disbursement of funds by the exchequer. Project implementation status was availed to the auditor for review. The audit query was addressed.

Basis for Conclusion

5. Delay in Relocation of Power Line at a Primary School

888. The financial statements reflect transfers to other government entities totalling Kshs. 20,850,000 which included Kshs.7,050,000 spent in respect to transfer to primary schools which further included Kshs.500,000 disbursed to a primary school in respect to the transfer of power line from the school compound. Documents provided for audit review indicated that the school applied for funding on 12 August 2012 using a Kshs.484,880 Kenya Power and Lighting Company quotation of 22 October 2009 that was payable within 90 days outside which the Company reserved the right to revise its terms. However, physical verification in December 2018 revealed that the power line had not been relocated, and funds had not been utilized by the school contrary to Section 83 (2), (c) which requires the accounting office to avoid accumulation of idle balances.

889. In the circumstances, the Fund was in breach of the law and it has not been possible to determine the authenticity and value for money for the Kshs.500,000 transferred to the school during the year ended 30 June 2018.

Management Response

890. The delay in the reallocation of the power line in the school was because the funds were requisitioned by a quotation made in 2009 thus the cost had gone up according to the revised quotation dated January 2019 amounting to Kshs.693,504. The school received the extra funding and the power line was eventually moved.

Committee Observation

891. The Committee observed that the power line was relocated and was satisfied with the management response, and the query was addressed.

6. Stalled Projects

892. Note 6 to the financial statements reflects Kshs.20,850,000 in respect to transfers to other government entities which includes Kshs.13,800,000 spent in respect to transfer to secondary

schools which further included Kshs.1,100,000 disbursed to Thuura Boys Secondary School for construction of administration block. However, a project verification carried out in the month of December 2018 revealed that the project had not been undertaken, and the funds were still in the bank. Further, Kshs.414,398 was spent on purchase of materials for the construction of the project during the financial year 2016/2017. However, it was observed that materials had not been used and appeared to have deteriorated contrary to Section 161(3) of the Public Procurement and Asset Disposal Act, 2015 which requires that stores, inventory and assets that are procured by a public entity not be allowed to suffer deterioration from any preventable cause and overstocking of any particular item to be avoided. No explanation was provided as to why the materials had not been used. In the circumstances, North Imenti Constituency was in breach of the law.

Management Response

- 893.** Thuura Boys Secondary School project was completed and in use. Completion certificate and photos have been availed to the auditor for review.

Committee Observation

- 894.** The Committee observed that the completion certificate and photos were provided for audit review. The query was addressed.

7. Irregular Use of Emergency Funds

- 895.** Note 7 to the financial statements reflected a Kshs.25,408,000 expenditures in respect to other grants and other payments which included Kshs.2,000,000 spent in respect to emergency projects. However, an application for emergency funding and a report on an urgent unforeseen situation were not availed for audit review. Therefore, the expenditure appeared to have been on projects that were not emergency in nature contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which stipulates that expenditure on emergency should be for an urgent, unforeseen need for expenditure which in the opinion of the constituency Committee cannot be delayed until the next financial year without harming the public interest of the constituents.
- 896.** Further, report on utilization of emergency funds to the board as required by Section 20 (2) of the same regulation which stipulates that utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency was not provided for audit review. In the circumstances, the Fund was in breach of the law.

Management Response

- 897.** Though all funded projects were indeed emergency projects as defined by the NG-CDF Act 2015, not all were requested in writing. The Committee would respond to verbal requests and upon verification visits to the institutions fund the projects. Others would circulate embarrassing social media posts rather than apply formally. The fund Committee has since

adopted a strictly formal application in writing approach attaching relevant support documents and a physical verification before any funding under emergency.

Committee Observation

- 898. The Committee observed that the management did not provide the completion certificates for the emergency projects totaling KES 2,000,000. The audit query was not addressed.**

Committee Recommendation

- 899. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the completion certificates for the emergency projects totaling KES 2,000,000 to the National Assembly.**

3.4.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1. Irregular Committee Allowances

- 900.** The financial statements for the year under review reflects use of goods and services totaling Kshs. 6,008,679 which includes Kshs. 1,407,000 and Kshs. 1,943,460 in respect to other Committee allowances and Committee allowances respectively both totaling to Kshs. 3,350,460. However, review of the allowances paid to the National Government - Constituencies Development Fund Committee (NG-CDFC) - North Imenti revealed that the Committee was paid sitting allowances for thirty (30) meetings held during the year under review contrary to Section 43(11) of the National Government Constituencies.
- 901.** Further, included in Kshs. 3,350,460 was Kshs.119,000 paid to three (3) officers as allowances for six (6) days of training in Embu from 9 to 14 September 2018. However, the officers were each paid seven (7) days' allowances resulting in an overpayment of Kshs.17,000 being one night-out allowance for the six officers. No explanation has been provided for paying for the one (1) extra night out. In addition, the work ticket was not provided for audit review, hence it was not possible to determine how the officers travelled to the venue.
- 902.** In addition, included in Kshs.3,350,460 was Kshs.62,000 paid to the NG-CDFC members and the Fund staff for the distribution of bursary cheques. However, signed delivery schedules as proof of cheque delivery and work tickets or other means of transport showing how the officers travelled to the distribution venues were not provided for audit review. Further, no reasons were provided as to why the recipient institutions would not have been called upon to collect their respective cheques.

Management Response

- 903.** The number of meetings increased due to the many bursary sub-committee meetings held during the year due to the huge number of beneficiaries and vetting that needed to be done, the Committee stands guided and will rectify going forward.

904. The members had been invited for a 6-day training but had to be there a day earlier in order not to be late for the first day of training hence the extra day's night out allowance. The officers were supposed to use their means and claim back later due to a shortage of funds in the relevant vote head at the time.
905. The NG-CDFC members had organised stakeholder meetings in selected schools in each ward of the constituency to sensitise the community on the bursary project as well as disburse the bursary cheque for the beneficiaries in the said schools.

Committee Observation

906. **The Committee observed that the management justified holding more meetings and payment for extra days and the response was satisfactory. The query was adequately addressed.**

2. Unconfirmed Project Management Committee Bank Balances

907. Notes 6 and 7 to the financial statements reflect Kshs.45,225,000 and Kshs. 45,703,105 in respect to transfer to other government entities and other grants and other payments respectively both totalling Kshs.90,928,105 which includes Kshs. 8,183,191 reflected in Annex 5 as Project Management Committee (PMC) bank balances being the unspent project funds held by various institutions' PMCs. However, the respective cash books, bank certificates and bank reconciliation statements were not availed for audit review contrary to the requirement of Sections 100 and 90 (1), (3) of the Public Finance Management (National Government) Regulations 2015.
908. In the circumstances, the Fund was in breach of the law and it has not possible to ascertain the accuracy of Kshs, 8,183,191 PMC bank balances as at 30 June, 2019.

Management Response

909. The project Committees lack capacity to maintain proper books of accounts and other records. The fund will continue to build the project management Committees' capacity through regular training. Certified bank balances were however provided to support the bank balances.

Committee Observation

910. **The Committee observed that the management did not provide the cashbook extract, bank reconciliation and PMC bank statements. The audit query was not addressed.**

Committee Recommendation

911. **The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the cashbook extract, bank reconciliation and PMC bank statements to the National Assembly.**

3. Unconfirmed Bursary Disbursements

- 912.** Note 7 to the financial statements reflects other grants and other payments amount of Kshs.45,703,105 which included Kshs.15,716,105 and Kshs. 10,000,000 in respect to bursaries to secondary schools and tertiary institutions respectively all totaling Kshs. 25,716,105. However, only bursaries totaling to Kshs.11,093,480 were acknowledged by the respective beneficiary schools and institutions through the issuance of acknowledgment receipts while bursaries totaling Kshs.14,622,625 were not acknowledged or accounted for by the recipient schools and institutions.
- 913.** In this circumstance, it was not possible to ascertain whether the Kshs.14,622,625 bursaries were received by the respective schools and institutions and whether the same was expended as appropriated during the year ended 30 June 2019.

Management Response

- 914.** Most of the bursaries were released close to the closure of the financial year and were in transit to the beneficiary institutions at the time of the audit.

Committee Observation

- 915.** The Committee observed that the list of beneficiaries and the contract with Posta Corporation were availed for audit verification. The query was thereby addressed.

4. Presentation of the Financial Statements

4.1 Inaccurate Heading of Financial Statements

- 916.** A review of the financial statements for the year ended 30 June 2019 revealed that the title of the statement of assets and liabilities did not include the accounting year as of “30 June 2019.” Also, the statements of receipts and payments, statement of cash flows, a summary statement of appropriation: recurrent and development combined did not include the phrase “for the year ended 30 June 2019” contrary to implementation guideline on pages 73 to 77 of the International Public Sector Accounting Standard (IPSAS) number 1 on presentation of financial statements.

Management Response

- 917.** The financial statements for the year were amended and availed to the auditor for review.

Committee Observation

- 918.** The Committee observed that the amendments were made in the subsequent financial statements, and the errors have not recurred in the subsequent financial statements. The query was thereby addressed.

5. Summary Statement of Appropriation: Recurrent and Summary Statement of Appropriation: Development

- 919.** Review of the financial statements for the year ended 30 June, 2019 revealed that the summary statement of appropriation: recurrent and summary statement of appropriation: development was not included in the financial statements for the year ended 30 June, 2019 contrary to the Public Sector Accounting Standards Board (PSASB) financial reporting template issued in June 2019 for a National Government entity which requires an entity to include a summary statement of appropriation: recurrent and summary statement of appropriation: development.
- 920.** In the circumstances, the presentation of the Fund's financial statements for the year under review is not in compliance with the International Public Sector Accounting Standard (IPSAS) number 1 and PSASB stipulated formats.

Management Response

- 921.** The template provided for the preparation of financial statement combined the summary statements of appropriation for recurrent and development.

Committee Observation

- 922.** The Committee observed that the corrections to the financial statements were made in the subsequent years. The query was adequately addressed.

Other Matter

6. Budgetary Control and Performance

- 923.** The summary statement of appropriation recurrent and development combined reflects approved budgeted receipts of Kshs. 172,577,532 and actual receipt of Kshs.117,957,136 (68%) resulting in net receipts shortfall of Kshs. 54,620,396 or 32%.
- 924.** In addition, the National Government Constituencies Development Fund (NG-CDF) Board approved a budget of Kshs.172,577,532 which included Kshs.163,404,879 which was to be transferred to the North Imenti Constituency Fund but only transferred Kshs. 108,784,483 resulting to Kshs.54,620,396 in respect to funds approved by the Board but not transferred to the Fund. Failure to transfer the Kshs.54,620,396 by the Board results to the Fund being unable to deliver equivalent promised services to the residents of North Imenti Constituency.
- 925.** Further, the summary statement of appropriation: recurrent and development combined reflects an approved budgeted expenditure of Kshs.172,577,532. However, only Kshs. 111,988,841 (65%) was spent resulting in an under-expenditure of Kshs.60,588,691.
- 926.** However, included in the Kshs. 60,588,691 under expenditure for the year under review was Kshs. 8,962,413 in respect to cash at the bank, being funds released by the Board but not spent by the Fund and therefore there was no equivalent value for money. Failure to spend funds already released by the Board denied the residents of North Imenti Constituency equivalent services.

Management Response

927. Some of the funds released in June 2019 due to late disbursement by the Ex-chequer had not been sent to various PMCs by year-end. Other funds in the bank account were for administration purposes such as salaries and other employee dues like gratuities which could only be paid once, they fell due at the expiry of service contracts. The law has since been amended to provide for a separate holding account for third party funds.

Committee Observation

928. The Committee was satisfied with the response and evidence provided. The audit query was addressed.

Basis for Conclusion

7. Project Implementation Status

929. A review of the Fund's project implementation status report for the year under review revealed that one hundred and sixty-two (162) projects worth Kshs.159,015,036 were budgeted to be implemented during the year under review. However, only one (1) project worth Kshs.4,677,027 had been completed while one hundred and fifty-nine (159) projects worth Kshs.149,791,849 were ongoing and two (2) projects worth Kshs.4,546,160 had not started as at 30 June 2019 as follows;

Project	Total Allocation (Kshs)	Disbursement (Kshs)	No of Projects	Implementation Status
ICT Hubs	4,677,027	4,677,027	1	Completed
Sub-Total	4,677,027	4,677,027	1	
Primary Schools Projects	40,850,000	24,225,000	70	Ongoing
Secondary Schools Projects	35,000,000	21,000,000	46	
Bursary	28,310,345	25,716,075	2	
Security Projects	20,600,000	13,200,000	36	
Sports	3,734,000	2,150,000	1	
Environment	3,680,000	1,500,000	1	
Emergency	8,876,924	3,137,000	1	
Acquisition of assets	8,740,580	8,432,180	2	
Sub-Total	149,791,849	99,360,255	159	
Other Balances	2,331,620	0	1	Not Started

Allocation awaiting approval	2,214,540	0	1
Sub-Total	4,546,160	0	2
Grand Total	159,015,036	104,037,282	162

930. In view of the foregoing, Imenti North constituents did not get the expected services equivalent to two (2) projects worth Kshs.4,546,160 not started and one hundred and fifty-nine (159) ongoing projects worth Kshs. 149,791,849 all totalling Kshs. 154,338,009. This is an indication of inappropriate project implementation mechanism.

Management Response

931. Project implementation status was availed to the auditor for review.

Committee Observation

932. The Committee observed that the Project Implementation Status was availed to the auditor for verification thereby addressing the query.

8. Inadequacies in Project Implementation - Transfer to Primary Schools

8.1 Irregular Procurement for Reroofing of Classrooms- CCM Irinda Primary School

933. Note 6 to the financial statements reflects transfers to other Government entities totaling Kshs. 45,225,000 which includes Kshs. 24,225,000 in respect to transfers to primary schools which further includes Kshs.500,000 transferred to CCM Irinda Primary School for the reroofing of five (5) classrooms. However, a review of the respective project file revealed that bank statements, bills of quantities, work inspection certificates, expenditure summaries, and project management Committee minutes approving the payments and bank withdrawals were not provided for audit review. Further, one hundred and twenty (120) blue box profile, gauge twenty-eight (28), three (3) meters iron sheets costing Kshs. 132,000 were procured from a supplier who was not among the three (3) bidders who quoted for the supply of the materials.

934. In addition, included in the Kshs. 500,000 was Kshs. 210,000 spent on the supply of labour services which was separately procured and awarded to a contractor. However, the contract agreement showing the contract amount, tender opening minutes, tender evaluation minutes showing how the contractor was selected, letters of offer and acceptance and regret letters to unsuccessful bidders were not provided for audit review. Therefore, it appears the contractor was single-sourced contrary to Section 58 (2) of the Public Procurement and Assets Disposal Act, 2015.

935. In the circumstances, the Fund is in breach of the law and the propriety and value for money for the Kshs.500,000 expenditures for the year ended 30 June 2019 could not be ascertained.

Management Response

936. The management ensured that the classrooms were complete and in use.

Committee Observation

937. **The Committee observed that the supporting documents were provided for audit verification. The classrooms were completed and are in use. The query was adequately addressed.**

8.2 Construction of Special Classroom - Nkabune Primary School

938. Note 6 to the financial statements reflects transfers to other Government entities totaling Kshs.45,225,000 which includes Kshs.24,225,000 in respect to transfers to primary schools which further includes Kshs.1,000,000 transferred to Nkabune Primary School for construction to completion of a special classroom. However, review of the project file revealed that bank statements, bill of quantities, work inspection certificates, expenditure returns and project management Committee minutes approving payments and bank withdrawals were not provided for audit review. Further, included in the Kshs.1,000,000 was Kshs.146,400 and Kshs.141,950 respectively both totaling to Kshs.288,350 paid to a supplier for supply of timber, machine cut stones and sand and another supplier for assorted roofing materials and cement. However, quotation opening minutes, evaluation Committee minutes showing how the suppliers were selected, letters of offer and acceptance and regret letters to the losing bidders were not provided for audit review. Therefore, it appears the suppliers were single sourced contrary to Section 58 (2) of the Public Procurement and Assets Disposal Act, 2015. In addition, physical verification carried out in November 2019 revealed that the classroom whose completion date was not indicated, was yet to be completed as windows and painting work had not been done and the project appeared to have stalled as there was no contractor on site. In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs.1,000,000 expenditure for the year ended 30 June 2019 could not be ascertained.

Committee Observation

939. **The Committee observed that through physical verification by the OAG, the classroom was completed and is in use. The certificate of completion was provided by management and verified. The query was addressed.**

8.3 Construction of Special Classroom - Muringombugi Primary School

940. Note 6 to the financial statements reflects transfers to other Government entities totaling Kshs.45,225,000 which includes Kshs.24,225,000 in respect to transfers to primary schools which further includes Kshs.1,000,000 transferred to Nkabune Primary School for construction to completion of a special classroom. However, review of the project file revealed that bank statements, bill of quantities, work inspection certificates, expenditure

returns and project management Committee minutes approving payments and bank withdrawals were not provided for audit review.

941. Further, included in the Kshs.1,000,000 was Kshs.146,400 and Kshs.141,950 respectively totaling to Kshs.288,350 paid to a supplier for supply of timber, machine cut stones and sand and another supplier for assorted roofing materials and cement. However, quotation opening minutes, evaluation Committee minutes showing how the suppliers were selected, letters of offer and acceptance and regret letters to the losing bidders were not provided for audit review. Therefore, it appears the suppliers were single sourced contrary to Section 58 (2) of the Public Procurement and Assets Disposal Act, 2015.

942. In addition, physical verification carried out in November 2019 revealed that the classroom, whose completion date was not indicated, was yet to be completed as windows and painting work had not been done, and the project appeared to have stalled as there was no contractor on site.

943. In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs.1,000,000 expenditures for the year ended 30 June 2019 could not be ascertained.

Management Response

944. The documents relating to the works have since been provided to the audit team for review. Additional funds required for completion of the project were allocated subsequently, and the classroom is complete and in use.

Committee Observation

945. The Committee observed that through physical verification by the OAG, the classroom was completed and is in use. The certificate of completion was provided by management and verified. The query was addressed.

9. Stalled Projects

9.1 Kinoru Day Secondary School – Dining Hall

946. During the year under review, it was noted that Kshs.1,500,000 was transferred to Kinoru Day Secondary School for the construction of a dining hall. However, physical verification carried out in November 2019 revealed that the flooring, plastering, fixing of windows and doors, painting, and electrical works were not complete, and no works were ongoing.

Management Response

947. Additional funds necessary for the completion and furnishing of the project were allocated subsequently, and the dining hall is complete and in use.

Committee Observation

- 948. The Committee observed that through physical verification by the OAG, the dining hall was completed and is in use. The certificate of completion was provided by management and verified. The query was addressed.**

9.2 Ngiine Day Secondary School – Administration Block

- 949.** Similarly, Kshs.500,000 was transferred to Ngiine Day Secondary School for construction of an administration block. However, physical verification carried out in November 2019 revealed that though there were materials on site, roofing, flooring, plastering, fixing of windows and doors, painting, electrical works were not done, and no works were ongoing.

Management Response

- 950.** Additional funds necessary for the completion of phase one of the project were subsequently allocated and the administration block phase 1 was complete and in use.

Committee Observation

- 951. The Committee observed that through physical verification by the OAG, the administration block was completed and is in use. The certificate of completion was provided by management and verified. The query was addressed.**

9.3 Munithu Day Secondary School – Dining Hall Kitchen

- 952.** Further, Kshs. 1,000,000 was transferred to Munithu Day Secondary School for the extension of an existing dining hall's kitchen. However, physical verification carried out in November 2019 revealed that though there were materials on site, roofing, flooring, plastering, fixing of windows and doors, painting, and electrical works were not done, and no works were ongoing.

Management Response

- 953.** Additional funds necessary for completion of the project were subsequently allocated and the and kitchen project is now complete and in use.

Committee Observation

- 954. The Committee observed that through physical verification by the OAG, the dining hall and kitchen project was completed and is in use. The certificate of completion was provided by management and verified. The query was addressed.**

9.4 Kirige Day Secondary School – Dining Hall Kitchen

- 955.** In addition, Kshs.1,000,000 was transferred to Kirige Day Secondary School for the construction of classrooms. A review of the project file revealed that the project started during the financial year 2013/2014. However, physical verification carried out in November 2019

revealed that flooring, plastering, painting and electrical works were not done and no works were ongoing.

Management Response

956. Additional funds necessary for completion of the project were subsequently allocated and the administration block phase 1 is now complete and in use.

Committee Observation

957. **The Committee observed that through physical verification by the OAG, the dining hall was completed and is in use. The certificate of completion was provided by management and verified. The query was addressed.**

9.5 Thuura Day Secondary School – Dining Hall Kitchen

958. During the year under review, Kshs.1,000,000 was also transferred to Thuura Secondary School for completion of an administration block which had earlier been constructed up to first floor. However, physical verification carried out in November 2019 revealed that flooring, plastering, fixing of windows and doors, painting and electrical works were not done and no works were ongoing.
959. Given the foregoing, the Kshs.5,000,000 expenditures on stalled secondary schools' projects was contrary to Section 25(1) of the National Government Constituencies Development Fund Act, 2015.
960. In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs.5,000,000 for the year ended 30 June 2019 could not be ascertained.

Management Response

961. Additional funds necessary for completion of the project were subsequently allocated and the administration block phase 1 is now complete and in use.

Committee Observation

962. **The Committee observed that through physical verification by the OAG, the dining hall was completed and is in use. The certificate of completion was provided by management and verified. The query was addressed.**

10. Irregular funding of Administration Block - CCM Irinda Secondary School

963. The financial statements reflect transfers to other Government entities totalling Kshs. 45,225,000, which includes Kshs.21,000,000 in respect to transfers to secondary schools which further includes Kshs. 800,000 was disbursed to CCM Irinda Secondary School for the construction of an administration block. However, a review of the project file revealed that Kshs.550,000 and Kshs.700,000, both totalling Kshs.1,250,000 was received from parents and the Ministry of Education, respectively, towards the same project, making it difficult to

ascertain how the funds were utilized contrary to Section 49 of the National Government Constituencies Development Fund Act, 2015.

964. In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs.800,000 for the year ended 30 June 2019 could not be ascertained.

Management Response

965. The Kshs.1,250,000 was not enough to complete the project, and it stalled at lintel level for a long time before intervention by the NG-CDF. The project is now complete and in use.

Committee Observation

966. The Committee observed that the project was completed and is in use. The query was addressed.

11. Security Projects

967. Note 7 to the financial statements reflects other grants and other payments totaling Kshs.45,703,105 which includes Kshs.13,200,000 in respect to security projects. However, included in the Kshs.13,200,000 were three (3) projects worth Kshs.1,700,000 which appeared to have stalled as detailed below;

11.1 Magundu Chiefs Camp

968. An audit review carried out during the year under review indicated that Kshs.700,000 was transferred to Magundu Chiefs Office Project Management Committee (PMC) for extension of a chief's office, electrification, furnishing and water connection. However, physical verification carried out in November 2019 revealed that electrification and furnishing had not been done while windows had been vandalized and no works were ongoing.

Management Response

969. The office has since been completed and in use.

Committee Observation

970. The Committee observed that the chief's office was completed and is in use and a certificate of completion was provided for audit verification. The audit query was addressed.

11.2 Kaaga Chief's Camp

971. Likewise, Kshs.500,000 was transferred to Kaaga Chief's Camp PMC for completion of the construction of a chief's office. However, physical verification carried out in November 2019 revealed that plastering, fixing doors, windows panes, ceiling, electrical wiring and its accessories had not been done and no works were ongoing.

Management Response

972. The office is complete and in use.

Committee Observation

973. The Committee observed that it was confirmed upon Physical verification by the OAG that the classroom was completed and in use. A certificate of completion was provided and verified.

Committee Observation

974. The Committee observed that through physical verification by the OAG, the chief's office was completed and is in use. The certificate of completion was provided by management and verified. The query was addressed.

11.3 Kaaga Assistants Chiefs Camp

975. Further, Kshs. 500,000 was transferred to Kaaga Assistant Chief's office PMC for completion of the construction of an assistant chief's office and construction of an ablution block. However, physical verification carried out in November 2019 revealed that tiles, electrification, and furnishing of the office had not been done and no works were ongoing.

Management Response

976. The office is complete and in use.

Committee Observation

977. The Committee observed that the Assistant Chief's Office was completed and is in use, and a certificate of completion was provided for audit review. The query was addressed.

12. Emergency Projects

978. Note 7 to the financial statements reflects other grants and other payments totalling Kshs.45,703,105, which includes Kshs.3,137,000 in respect to emergency projects. However, included in the Kshs.3,137,000 were two (2) projects worth Kshs.1,200,000, which were not supported by documents to show that the same were emergency projects, among other anomalies as detailed below;

12.1 Mwitumwiru Primary School

979. An audit review during the year indicated that Kshs. 600,000 was transferred to Mwitumwiru Primary School for construction of an eight (8) door toilet. The need to construct new toilets was due to overflow of eight (8) toilets that were in use there before. Review of the request for funding indicated that the school was issued with notice of closure by public health office due to inadequate sanitation facilities. However, the notice of closure from the public health office was not provided for audit review. Further, included in the Kshs. 600,000 was Kshs.

60,000 in respect to contingencies whose respective supporting documents, including, approved request showing how the contingency funds were to be spent was not provided for audit review. In addition, physical verification carried out in November 2019 revealed that ceramic tiles which, according to bills of quantities were to be fitted to the toilets at a cost of Kshs. 22,500 were not fitted.

Management Response

980. The project was funded based on a verbal warning from the public health officials since it had not attained the recommended ratio of pupils per toilet cubicle. Physical verification by the NG-CDFC confirmed the same hence the funding. The project has since been completed and is in use.

Committee Observation

981. The Committee observed that the supporting documents were provided for audit verification and the project was completed and in use. The query was adequately addressed.

12.2 Chungari Day Secondary School

982. Also, Kshs. 600,000 was transferred to Chungari Day Secondary School for the construction of toilets. However, the approved funding request, bill of quantities specifying the works to be done, and report on urgent unforeseen situations were not availed for audit review.

983. Given the foregoing, the Kshs.1,200,000 expenditures on emergency projects therefore appeared to have been on projects that were not emergency in nature, contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015.

984. In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs. 1,200,000 for the year ended 30 June 2019 could not be ascertained.

Management Response

985. The project was funded based on a verbal request and physical verification by the NG-CDFC. The project has since been completed and is in use.

Committee Observation

986. The Committee observed that the supporting documents were provided for audit verification and the project was completed and is in use. The query was addressed.

13. Untagged Fixed Assets

987. Annex 4 to the financial statements reflects fixed assets. However, a review of the fixed assets registers and physical verification of the assets revealed that the assets were not tagged for ease of identification and movement, contrary to Section 139. (1)(2) of the Public Finance Management (National Government) Regulations, 2015.

988. In the circumstances, the Fund was in breach of the law, and the security, location and condition of the fixed assets could not be ascertained as at 30 June, 2019. Kshs. 37,625,786 in respect.

Management Response

989. The board has since provided the asset tags and all assets are now tagged. As per the attached schedule.

Committee Observation

990. The Committee observed that the assets had been tagged and verified by the Office of the Auditor General. The query was addressed.

3.4.7 AUDIT STATEMENTS FOR FINANCIAL YEAR 2019/2020

1. Accuracy of the Financial Statements

1.1 Accuracy of the Summary Statement of Appropriation: Recurrent and Development Combined

1.1.1 Variance with Re-Casted Balances

991. The summary statement of appropriation: Recurrent and development combined for the year ended 30 June 2020 reflects Kshs.198,376,894 in respect to the total final budget expenditure. However, a recast of the balances arrived at Kshs.198,384,712 on the same items, resulting in an unexplained variance of Kshs.7,818.

992. In addition, the same statement reflects Kshs.61,009,171 in respect to adjustments, which should be the unutilized funds for the 2018/2019 financial year. However, Note 17.3 to the financial statements reflects the unutilized fund comparative balance of Kshs.60,588,691 resulting to the unexplained variance of Kshs.420,480. Further, the same statement reflects Kshs.4,248,821 in respect to the final budget on compensation of employees. However, cross-casting of the same arrived at Kshs.4,240,821, resulting in the unreconciled variance of Kshs.8,000.

Management Response

993. The management reported a clerical error in the following figures;

	Figure in Amended FS	Correct Figure
Compensation of employees	4,248,821	4,240,821
Use of goods & services	11,370,464	11,370,646

994. The figure of unutilized funds for 2019/2020 includes Kshs. 61,009,171, which was the reported figure in the 2018/2019 FS and Ksh 420,480, which was the revenue collected and was disclosed in the Summary Statement of appropriation clause c. The error in respect to compensation to employees of Kshs.8,000 is explained above.

Committee Observation

995. The Committee observed that the adjustments were done in subsequent years' financial statements and the errors were corrected.

1.1.2 Variance with the Approved Budget

996. The summary statement of appropriation: recurrent and development combined reflects total receipts and expenditure original budget of Kshs. 137,367,723 each for the financial year ended 30 June 2020. However, a review of the budget approved by the National Government Constituencies Development Fund Board revealed Kshs. 139,641,993 on the same items each resulting to unexplained variance of Kshs. 2,274,270.

Management Response

997. The variance represents Kshs.2,274,270 which was an amount of Appropriations In Aid (AIA) realized for rental of office space to the agriculture development support of the county government of Meru at Kshs. 420,480 per year for 5 years.

Committee Observation

998. The Committee observed that the AIA was realized from rental income. The query was addressed.

1.2 Accuracy of the Budget Execution by Programs and Sub-programs

1.2.1 Variance with Re-Casted Balances

999. The budget execution by programmes and sub-programmes for the year ended 30 June 2020 reflects grand total balances on five (5) items that are at variance with the re-casted balances as shown below:

Items	Balances in the Budget Execution by Program and Sub-program (Kshs.)	Re-casted Balances (Kshs.)	Variance (Kshs.)
Original Budget	137,367,723	137,267,223	100,500
Adjustments	61,009,171	61,109,171	(100,000)
Final Budget	198,376,894	198,176,894	200,000
Actual on Comparable Basis	125,860,704	126,230,704	(370,000)
Budget Utilization Difference	72,516,190	71,526,190	990,000

1000. On review, the following was noted and corrected.

	Original Budget		Adjustments		Final Budget			Actual on comparable basis	Budget Utilization	
	Fig in FS	Correct fig	Fig in FS	Correct fig	Fig in FS	Correct fig	Fig in FS	Correct fig	Fig in FS	Correct fig
Committee expenses	1,585,000	1,585,500								
Meru Primary School	800,000	900,000	900,000	800,000						
OCPD-Imenti North					0	200,000			0	200,000
Chugu Primary School							1,000,000	800,000		
Kainginyo Primary School							350,000	0	0	350,000
Kambereu Primary School							300,000	0	0	300,000
Kirimaitune Primary School							0	480,000		
Chugu Primary School									0	200,000
Thura Chiefs Office									600,000	500000
Kinoru Police Post									200,000	240,000

Motor Bike									0	150,000
NGCDF Vehicle									0	9,000

Committee Observation

1001. The Committee observed that the errors have not recurred in the subsequent year as confirmed by the Auditors. The query was addressed,

1.2.2 Unsupported Balances

1002. The budget execution by programmes and sub-programmes reflects Kshs. 198,376,894 in respect to final budget for the financial year ended 30 June 2020 which includes Kshs.984,751, Kshs.2,331,620 and Kshs.1,051,201 in respect to allocation awaiting, previous years' balances and allocation awaiting funding respectively all totalling to Kshs.4,367,572. However, supporting documents including approval from the National Government Constituencies Development Fund Board were not provided for audit review. In the circumstances, the accuracy and completeness of the budget execution by programs and sub-programs for the year ended 30 June 2020 could not be confirmed.

Management Response

1003. The figures Ksh 984,751 and Kshs. 2,331,620 are figures that were carried forward from the previous year's Financial Statement as having yearly budget not fully allocated. The figure Kshs.1,051,201 represents total revenue collected in the following financial years and which was awaiting approval from the board, 2019/2020 Kshs.420,480, 2018/209 Ksh 210,280 and 2017/2018 Ksh 420,480.

Committee Observation

1004. The Committee was satisfied with the response and evidence provided. The audit query was addressed.

1.3 Summary of Fixed Assets Register

1005. Annex 4 to the financial statements reflects Kshs. 37,779,986 in respect to assets' historical cost balance brought forward from the 2018/2019 financial year, which includes Kshs. 598,578 in respect to office equipment, furniture and fittings. However, the 2018/2019 financial statements reflect Kshs.444,378 concerning the closing balance on the same item, resulting in an unexplained variance of Kshs.154,200. In addition, the same annex reflects Kshs. 444,378 in respect to the historical cost of office equipment, furniture, and fittings as of 30 June 2020.

1006. The management reported that there was an error in summing up the figures for the Summary of Fixed Assets. The corrected summary of fixed assets was provided.

Committee Observation

1007. The Committee observed that the variance was explained by management. The audit query was addressed.

1.4 Accuracy of Unutilized Funds

1008. Disclosed under Note 17.3 to the financial statements is a balance of Kshs. 72,516,190 in respect to the unutilized funds balance for the year under review. However, a recast of the balances arrived at Kshs. 72,515,790 on the same item, resulting to an unexplained variance of Kshs 400. Further, Annex 3 to the financial statements reflects Kshs. 72,516,190 in respect to the unutilized funds balance. However, a recast of the balances gave Kshs. 69,768,566 on the same item, resulting in an unexplained variance of Kshs.2,747,624. In the circumstances, the accuracy of the unutilized funds of Kshs. 72,516,190 for the year ended 30 June 2020 could not be confirmed.

Management Response

1009. The Management provided corrected unutilized fund balances.

Committee Observation

1010. The Committee observed that correction of the casting errors and adjustments were done in the subsequent year. The audit query was addressed.

1.5 Accuracy of Other Grants and Other Payments

1011. Disclosed under Note 7 to the financial statements is a balance of Kshs. 49,913,793 in respect to other grants and other payments. However, a recast of the balances arrived at Kshs. 49,913,354 resulting to an unexplained variance of Kshs.439. In the circumstances, the accuracy of other grants and other payments of Kshs.49,913,793 for the year ended 30 June 2020 could not be confirmed.

Management Response

1012. On verification from the actual on comparable basis in the budget execution statement, the correct figure of Bursary Tertiary Institutions was Ksh 11,676,439 instead of Ksh 11,676,000 as was indicated in the financial statement.

Committee Observation

1013. The Committee observed that the corrections and adjustments were done in subsequent year thereby addressing the query.

2. Cash and Cash Equivalents – Stale Cheques

1014. Disclosed under Note 10A to the financial statements is a figure of Kshs. 3,568,946 in respect to cash and cash equivalents as at 30 June, 2020. However, a review of the respective bank reconciliation statement indicated Kshs. 2,922,497 in respect to unpresented cheques, which further includes Kshs. 2,633,733 in respect to stale cheques and that had not been replaced or reversed in the cashbook as of 30 June 2020 therefore understating the cash and cash equivalents by the same amount. In the circumstances, the accuracy and completeness of the Kshs.3,568,946 in respect to cash and cash equivalents as at 30 June 2020 could not be confirmed.

Management Response

1015. The stale cheques were reversed in the cash book.

Committee Observation

1016. The Committee observed that the evidence of reversal was shown in the cashbook thereby addressing the query.

3. Project Management Committee's (PMC) Account Balances

1017. Disclosed under Note 17.4 to the financial statements is a figure of Kshs. 4,653,069 in respect to PMC account balances held by various institutions. However, the respective cashbooks, bank statements and bank balance confirmation certificates were not provided for audit review contrary to Section 90(1) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that accounting officers shall ensure bank accounts reconciliations are completed for each bank account held by that accounting officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the National Treasury with a copy to the Auditor-General and Section 100 of the same Regulations which stipulate that accounting officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts.

Management Response

1018. The PMC balances were as provided by the bank as at 30th June 2020. The NG-CDFC will continue building the PMCS capacity to maintain the requisite accounting records.

Committee Observation

1019. The Committee observed that the management did not provide the cashbook extract, bank reconciliation and PMC bank statements. The audit query was not addressed.

Committee Recommendation

1020. Within three (3) months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the cashbook extract, bank reconciliation and PMC bank statements to the National Assembly.

4. Other Grants and Other Payments

4.1 Unsupported Bursaries

1021. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects a balance of Kshs. 49,913,793 in respect to other grants and other payments which includes Kshs. 15,600,000 and Kshs. 11,676,000 in respect to bursaries disbursed to secondary schools and bursaries disbursed to tertiary institutions respectively, all totalling to Kshs. 27,276,000. However, the list of applicants and applications letters/forms were not provided for audit review.

1022. Further, only bursaries totalling to Kshs. 23,169,480 (85%) were acknowledged by the respective beneficiary schools and institutions through issuance of acknowledgement receipts while bursaries totalling Kshs. 4,106,520 (15%) were not acknowledged or accounted for by the recipient schools and institutions. In the circumstance, it was not possible to ascertain whether the Kshs. 4,106,520 bursaries were received by the respective schools and institutions and whether the same was expended as appropriated during the year ended 30 June, 2020.

Management Response

1023. The bursaries were processed towards the end of the financial year hence at the time of the audit, some were still on transit to the respective beneficiary institutions. Other institutions receive funds and fail to acknowledge receipt despite the management's appeal in the forwarding letters to them.

Committee Observation

1024. The Committee observed that the bursary funds were disbursed through cheques via the Postal Corporation of Kenya. The contract agreement with Postal Corporation of Kenya was provided for audit verification and the query was addressed.

4.2 Lack of Supporting Documents - Sports Projects

1025. Similarly, disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects a balance of Kshs. 49,913,793 in respect to other grants and other payments which includes Kshs. 4,327,354 in respect to sports projects. However, supporting documents were not provided. In the circumstances, the accuracy and value for money for the Kshs. 4,327,354 incurred during the year under review could not be confirmed.

Management Response

1026. There were delays in spending the funds since sporting activities had been temporarily banned due to the COVID-19 pandemic. The same was subsequently spent, and accounting documents were shared with the auditor.

Committee Observation

1027. The Committee was satisfied with the response and evidence provided thereby addressing the query.

4.3 Construction Materials not as per Bills of Quantities - Mwirine Police Post

1028. Disclosed under Note 7 to the financial statements is a figure of Kshs. 49,913,793 in respect to other grants and other payments which includes Kshs. 8,400,000 in respect to security projects which further includes Kshs. 600,000 transferred to Mwirine Police Post for staff houses painting, power connection (allocated Kshs.200,000) and fencing of the 0.5 acres' compound using concrete posts and Chain link (allocated Kshs. 400,000). This was as per the bills of quantities provided for review. However, physical verification carried out in December 2020 revealed that the materials used and work done was not as per the bills of quantities. Wooden post and not concrete posts were used, barbed wire fence was used instead of chain-link both of unknown value contrary to Section 48(4)(b) of the Public Procurement and Asset Disposal Act, 2015 which stipulates that the inspection and acceptance Committee shall ensure that the goods, works or services meet the technical standards defined in the contract. In the circumstances, the accuracy and value for money for the Kshs.400,000 expenditure incurred during the year under review could not be confirmed.

Management Response

1029. The project Committee changed the scope of works to fence off a larger area than was initially planned for i.e., only the police post to include an adjacent parcel of land meant for an assistant chiefs' office since they were all security installations. Continuous training of the PMCs will help avert similar situations in the future.

Committee Observation

1030. The Committee observed that works were done and completed. However, supporting documentation was not availed for audit review. The query was not addressed.

Committee Recommendation

1031. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the supporting documentation that is, approval documents for the variation, board approval, and PMC Minutes for the change of scope to the National Assembly.

5. Use of Goods and Services

a. Unsupported Expenditure

1032. As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects Kshs. 10,387,671 in respect to the use of goods and services which includes Kshs. 500,000 and Kshs. 1,450,000 in respect to office and general supplies and services and training expenses, respectively, both totaling to Kshs. 1,950,000. However, supporting documents were not provided. In the circumstances, the validity and value for money for the Kshs. 1,950,000 expenditures for the year ended 30 June 2020 could not be confirmed.

Management Response

1033. Ksh 500,000 was for general office supplies, e.g, stationery, office tea, and utility bills spread in various payment vouchers throughout the year. Whereas Ksh 1,450,000 was for training expenses for NG-CDFC, NG-CDFC staff, and PMCs during the year.

Committee Observation

1034. The Committee observed that the documents to support the expenditure were availed for audit verification. The query was addressed.

b. Excess Meetings - Committee Allowances

1035. Similarly, the balance of Kshs. 10,387,671 in respect to the use of goods and services includes Kshs. 2,050,500 and Kshs. 2,047,400 in respect to Committee expenses and other Committee expenses, respectively both totaling to Kshs. 4,097,900. However, a review of the documents provided revealed that the Fund.

Management Response

1036. Some of the meetings were at project sites with the PMCs or at the NG-CDF office for capacity building or project disputes resolution hence would be properly charged under monitoring and evaluation and capacity building vote rather than the administration vote meetings.

Committee Observation

1037. The Committee observed that the explanations provided by management was satisfactory. The query was addressed.

6. Transfers to Primary Schools

6.1 Kaaga School for the Hearing Impaired

1038. As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects a balance of Kshs.61,870,000 in respect to transfers to other government entities which includes Kshs.35,740,000 in respect to transfers to primary schools which further includes Kshs. 1,000,000 transferred to Kaaga School for the Hearing Impaired for construction of a four-door toilet and four bathrooms. However, physical verification carried out in December 2020 revealed that the project was not complete and appeared stalled as no works was ongoing. Further,

relevant supporting documents were not provided. In the circumstances, the value for money for the Kshs. 1,000,000 expenditures for the year ended 30 June 2020 could not be confirmed.

Management Response

1039. The project has since been completed and is in use.

Committee Observation

1040. The Committee observed that upon a physical verification by the Office of the Auditor General, it was confirmed that the project was complete and in use. The audit query was adequately addressed.

6.2 Kinoru Primary School

1041. As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects a balance of Kshs.61,870,000 in respect to transfers to other government entities which includes Kshs.35,740,000 in respect to transfers to primary schools which further includes Kshs.1,600,000 transferred to Kinoru Primary School for construction of a ten-door toilet at Kshs.800,000, completion of computer classes including paint, benches and electrical works at Kshs.200,000 and Kshs.600,000 for renovation of 6 classrooms. However, physical verification carried out in December 2020 revealed that the computer classes were not painted, and the benches were not fitted. Further, bank statements for the project and certificates of payment from the Ministry of Public Works detailing the quantity of work done relating to the computer classes, benches, and electrical works were not provided.

1042. In the circumstances, the value for money for the Kshs.1,600,000 expenditure incurred during the year ended 30 June 2020 could not be confirmed.

Management Response

1043. The toilet and classrooms renovation projects were completed and in use. There were variations to the computer class tender to include metal grilles and ceiling for proper security of the computers/tablets. Electricity was subsequently connected. The PMCs have since been warned against introducing unplanned for activities in the projects.

Committee Observation

1044. The Committee observed that upon a physical verification by the Office of the Auditor General, it was confirmed that the project was complete and in use thereby addressing the query.

7. Other Payments - Irregular Procurement of a Strategic Plan

1045. As disclosed in Note 9 to the financial statements, the statement of receipts and payments reflects a balance of Kshs.1,495,000 in respect to other payments which was spent in procurement of a strategic plan. However, initial and relevant procurement documents were not provided.

1046. In addition, the opening and evaluation Committee signed the minutes on 19 July 2019 while the lowest bidder was notified of the award on 17 July 2019 two days before the bids were opened.

1047. Further, the contract between the firm and the National Government Constituencies Development Fund - Imenti North Constituency was signed on 22 July 2019 which is five (5) days after notification of award contrary to Section 135(3) of the Public Procurement and Asset Disposal Act, 2015 which requires that the written contract shall be entered into within the period specified in the notification but not before fourteen days have elapsed following the giving of that notification. In the circumstances, validity of the other payments of Kshs. 1,495,000 as at 30 June, 2020 could not be ascertained. In addition, the Fund is in breach of the law.

Management Response

1048. The tenders were opened and evaluated on 10th July 2019. The letter of notification of award was issued on 17th July 2019. As per the attached documents.

Committee Observation

1049. The Committee observed that this was a typing error. The query was addressed.

Other Matter

8. Budgetary Control and Performance

8.1 Receipt Analysis

1050. The Fund's summary statement of appropriation: recurrent and development combined for the year ended 30 June 2020 reflects Kshs. 198,376,894 in respect to the final receipt budget and actual receipts of Kshs. 129,429,650, resulting in a budget shortfall of Kshs. 68,947,244. Overall, the Fund underscored its budget by Kshs. 68,947,244 or 35% an indication that some programs and activities had been planned but not implemented. In addition, the National Government Constituencies Development Fund (NGCDF) Board approved a budget of Kshs. 191,988,119, which was to be transferred to the North Imenti Constituency Fund but only transferred Kshs. 123,040,875, resulting in Kshs. 68,947,244 in respect of funds approved by the Board but not transferred to the Fund. Failure to transfer the Kshs 68,947,244 by the Board results in the Fund not being able to deliver on planned activities, therefore negatively affecting service delivery.

Management Response

1051. Non-release of 35% of the budgeted funds affected the implementation of the planned activities.

Committee Observation

1052. The Committee observed that the matter was due to underfunding in the financial year. The query was addressed.

8.2 Expenditure Analysis

- 1053.** The Fund's summary statement of appropriation: recurrent and development combined reflects a final budgeted expenditure of Kshs. 198,376,894. However, only Kshs. 125,860,704 (63%) was spent resulting to an under-expenditure of Kshs. 72,516,190. However, a recast of the under expenditure arrived at Kshs. 72,524,008 resulting to unexplained variance of Kshs. 7,818. In overall, the National Government Constituencies Development Fund - North Imenti Constituency under spent its budget by Kshs. 72,524,008 or 37% of the total budgeted allocation.
- 1054.** Further, included in the Kshs. 72,524,008 under expenditure for the year under review was Kshs. 3,568,946 in respect to cash at bank, being funds released by the Board but not utilized. Failure to spend funds already released by the Board denied the residents of North Imenti Constituency equivalent services.

Management Response

- 1055.** Funds released by the board but not utilized were mainly for administration and projects monitoring funds, which are only paid out as and when needed.

Committee Observation

- 1056.** The Committee observed that this was due to underfunding in the Financial Year.

9. Project Implementation Status

- 1057.** The Fund's summary statement of appropriation: recurrent and development combined reflects Kshs. 94,045,000 Kshs. 87,991,547 and Kshs. 308,400 in respect to transfer to other government units, other grants and transfers, and acquisition of assets, respectively, all totaling Kshs. 182,344,947, which was meant for various projects within the year under review. However, the project implementation status availed for audit review reflects Kshs. 180,236,028 resulting to the unexplained variance of Kshs. 2,108,919.
- 1058.** A review of the project implementation status revealed that one hundred and eighty-four (184) projects worth Kshs. 180,236,028 were planned for implementation during the year under review. However, only two (2) projects with a budget of Kshs. 4,490,354 had been completed, while one hundred and eighty-two (182) projects worth Kshs. 175,745,674 were ongoing as at 30 June 2020.
- 1059.** Therefore, there is a need for the Constituency Development Fund Management to review its project planning mechanism with a view to prioritizing those projects which are more deserving to the citizens of North Imenti Constituency.

Management response

- 1060.** The Fund stands advised and will be using the updated format going forward.

Committee Observation

1061. The Committee observed that the current status of the projects was provided and verified by OAG. The query was addressed.

Basis for Conclusion

10. Presentation of the Financial Statements

1062. A review of the Fund's financial statements submitted for audit review revealed that the summary statement of appropriation: recurrent and summary statement of appropriation: development have not been included in the Fund's financial statements for the year ended 30 June 2020 contrary to the Public Sector Accounting Standard Board (PSASB) template issued in June 2020.

1063. In the circumstances, the Fund's financial statements are not prepared in accordance with the PSASB prescribed format.

Management Response

1064. The fund stands advised and will be using the updated format going forward.

Committee Observation

1065. The Committee observed that the financial statements were corrected in subsequent financial years thereby addressing the query.

11. Transfers to Secondary Schools

11.1 Abandoned project - Mbirikine Day Secondary School

1066. As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects a balance of Kshs. 61,870,000 in respect to transfer to other government entities which includes Kshs. 26,130,000 in respect to transfers to secondary schools which further includes Kshs. 1,000,000 transferred to Mbirikine Day Secondary School for the roofing, plastering and putting of windows to the dining hall. However, physical inspection carried out in December 2020 revealed that the project was not complete and the contractor was not on site.

1067. In the circumstances, the value for money for the Kshs. 1,000,000 expenditures for the year ended 30 June 2020 could not be confirmed.

Management Response

1068. The project required additional funds, which were subsequently allocated to complete the project, which is now complete and in use.

Committee Observation

1069. The Committee observed that upon a physical verification by the Office of the Auditor General, it was confirmed that the project was complete and in use thereby addressing the query.

11.2 Nthimbiri Secondary School - Undelivered Works

- 1070.** Similarly, the balance of Kshs. 61,870,000 in respect to transfer to other government entities includes Kshs. 26,130,000 in respect to transfers to secondary schools which further includes Kshs. 1,000,000 transferred to Nthimbiri Secondary School for roofing, tiling, electricity connection and painting of a dormitory. However, physical verification carried out in December 2020 revealed that the project was not complete, and the contractor was not on site.
- 1071.** In the circumstances, the value for money for the Kshs. 1,000,000 expenditures for the year ended 30 June 2020 could not be confirmed.

Management response

- 1072.** The dormitory is now complete and in use.

Committee Observation

- 1073.** The Committee observed that upon a physical verification by the Office of the Auditor General, it was confirmed that the project was complete and in use, and the certificates of completion were provided. The query was adequately addressed.

11.3 Abandoned project - Giaki Girls Secondary School

- 1074.** Further, the balance of Kshs. 61,870,000 in respect to transfer to other government entities includes Kshs. 26,130,000 in respect to transfers to secondary schools which further includes Kshs. 1,500,000 transferred to Giaki Girls Secondary School for the construction of dining hall/kitchen to roofing level during the year. However, physical verification carried out in December 2020 revealed that the project was incomplete and appeared to have stalled as no work was on going.
- 1075.** Further, documents provided for audit review revealed that the Ministry of Education also co-founded the project by contributing Kshs.2,000,000. However, the defined phase to be funded by each party was not provided for audit review contrary to Section 49 of the National Government Constituencies Development Fund Act, 2015 which stipulates that for this Act, the Board may consider part funding of a project financed from sources other than the Fund so long as the other financiers or donors of that project have no objection and provided that the part funding for the project availed under this Act shall go to a defined unit or any part thereof or phase of the project to ensure that the particular portion defined in the allocation is completed with the funds allocated under this Act.
- 1076.** In the circumstances, the value for money for the Kshs.3,500,000, comprising of Kshs. 1,500,000 and Kshs.2,000,000 expenditures for the year ended 30 June 2020 could not be confirmed. In addition, the Fund is in breach of the law.

Management Response

1077. The Ministry of Education funds constructed the kitchen and equipped it. The school approached the North Imenti NG-CDF for an extension of a dining hall attached to the kitchen, which was duly funded in two tranches of Kshs.1,500,000 and Kshs.1,000,000. The project is now complete and in use.

Committee Observation

1078. The Committee observed that upon a physical verification by the Office of the Auditor General, it was confirmed that the project was complete and in use. The query was addressed.

11.4 Kirige Boys Secondary School

1079. As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects a balance Kshs. 61,870,000 in respect to transfer to other government entities which includes Kshs. 26,130,000 in respect to transfers to secondary schools which further includes Kshs. 1,000,000 transferred to Kirige Boys Secondary School for plastering and painting of classrooms. Documents provided for audit review revealed that the Parent Association also co-funded the project by contributing Kshs. 857,475. However, the defined phase to be funded by each party was not provided for audit review contrary to Section 49 of the National Government Constituencies Development Fund Act, 2015 which stipulates that for this Act, the Board may consider part funding of a project financed from sources other than the Fund so long as the other financiers or donors of that project have no objection and provided that the part funding for the project availed under this Act shall go to a defined unit or any part thereof or phase of the project to ensure that the particular portion defined in the allocation is completed with the funds allocated under this Act.

1080. Further, a review of documents provided for audit and physical verification carried out in December 2020 revealed that the construction of the project started in the financial year 2016/2017 and is still ongoing in 2019/2020, which is an indication of delayed benefit to the beneficiaries.

1081. In the circumstances, the value for money for the Kshs. 1,857,475 comprising of Kshs.1,000,000 and Kshs. 857,475 expenditures for the year ended 30 June 2020 could not be confirmed. In addition, the Fund is in breach of the law.

Management Response

1082. The storied 6 classroom block was initiated by the parents' association by constructing the substructure and the ground floor. NG-CDF funded construction of the first and second floor classrooms. The last tranche of funds was allocated in 2022-2023 financial year for final finishes to the second floor and staircase and external finishes to the entire building. The ground and first floor classrooms are however complete and in use.

Committee Observation

1083. The Committee observed that upon a physical verification by the Office of the Auditor General, it was confirmed that the project was complete and in use, and the certificates of completion were provided. The query was addressed.

12. Other Grants and Other Payments – Incomplete Igoki Chiefs Camp

1084. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects a balance of Kshs. 49,913,793 in respect to other grants and other payments which includes Kshs. 7,730,000 in respect to emergency projects which further includes Kshs. 200,000 transferred to Igoki Chiefs Camp for constructing a two (2) door toilet. However physical verification carried out in December 2020 revealed that a three (3) door toilet was constructed and not the approved two (2) door toilet. In addition, the project was incomplete and appeared to be stalled after funds were said to have been exhausted. There was no authority from the Constituency Development Fund Board for the change from the original plan of a two (2) door toilet to three (3) door toilet, which may have resulted in the project being incomplete.

Management Response

1085. The compound has many government offices, including the assistant county commissioner's office, the chiefs' office, the assistant chiefs' office, and a police post. In addition, the compound is a venue for various community meetings, hence the need for enough toilets to cater for members of the public who go to the compound for various services or meetings. The project management Committee was funded to construct a two-door toilet but varied the scope of works to 3 doors to leave two doors to the members of the public and one for the chief and the Assistant county commissioner. They requested more funding of Kshs.100,000, which has since been allocated, and the project is complete and in use.

Committee Observation

1086. The Committee observed that upon a physical verification by the Office of the Auditor General, it was confirmed that the project was complete and in use, and the certificates of completion were provided. The query was addressed.

3.4.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1. Inaccuracies in the Financial Statements

1.1 Project Management Committee Bank Balances

1087. Disclosed in Note 17.4 to the financial statements and as analyzed in Annex 5 is a balance of Kshs.15,713,145 in respect of Project Management Committee (PMC) prior year account balances. However, the balance varies with the amount reflected in the previous year's audited financial statements of Kshs.4,653,069 resulting to an unexplained variance of Kshs.11,060,076. Further, note 17.4 reflects PMC account balances for the year under review amounting to

Kshs.22,342,351 while Annex 5 reflects Kshs.22,197,068, resulting to unreconciled and unexplained variance of Kshs.145,283.

1088. In addition, Management did not provide for audit the PMC accounts respective bank statements, cashbooks, bank reconciliation statements and certificate of bank balances. In the circumstances, the accuracy of the PMC bank balance of Kshs.22,342,351 could not be confirmed.

Management Response

1089. The corrected figures have since been restated in the financial statement. The PMC balances comparative figure for the previous year was wrongly copied. The current year's figure was a casting error that has since been corrected.

Committee Observation

1090. The Committee observed that the Extract of amended financial statements was provided. The matter was resolved. However, supporting documents for the PMC balance were not provided. The Committee directed that the Fund Account manager provide a cashbook extract, bank reconciliation and PMC bank statements.

2. Statement of Cash Flows

1091. The statement of cash flows reflected a comparative cash out flow from investing activities balance of Kshs.2,399,349. However, the prior year's audited statement of cash flows reflects a balance of Kshs.154,200, resulting to an unexplained and unreconciled variance of Kshs 2,245,149. In these circumstances, the accuracy of the statement of cash flows could not be confirmed.

Management response

1092. Investing activities were AIA project undertaken to construct a car park and cabros at the office compound. Funds from rental of office space for 5 years were approved to do the construction at the office compound.

Committee Observation

1093. The Committee observed that the financial statements were corrected in subsequent years. The audit query was addressed.

3. Unsupported Prior Year Adjustments

1094. The statement of assets and liabilities reflects prior year adjustment balance of Kshs.300,000 which was not supported or explained.

Management Response

1095. There was a casting error understating the bank balance in the cashbook as verified by the audit team.

Committee Observation

1096. The Committee observed that the expenditure was supported by journal vouchers. The audit query was adequately addressed.

4. Unsupported Acquisition of Assets

1097. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers expenditure of Kshs.60,587,354. Included in this amount is Kshs.14,060,000 in respect of security projects out of which Kshs.850,000 was incurred on construction and procuring of furniture for Runogone Chiefs Camp. However, supporting documents including invoices and certificate of works completed were not provided for audit. Further, review of the tender documents revealed that the firm that was awarded the contract completed tender documents, which was different from the ones filed by the unsuccessful bidders and no evidence was provided to support that an addendum was issued to all the bidders.

Management Response

1098. The office was completed and is in use. All the tenderers for office furniture were initially unresponsive since they quoted way above the available resources. This prompted a retender using modified tender documents and only one supplier was responsive and was awarded the works.

Committee Observation

1099. The Committee observed that the supporting documents were availed and verified by the OAG. The query was addressed.

5. Unsupported Other Grants and Transfers - Security Projects

1100. The statement of receipts and payments and as disclosed in Note 7 to the financial statements, reflects other grants and transfers an expenditure of Kshs. 60,587,354. Included in this amount is Kshs.14,060,000 in respect of security projects, out of which Kshs.850,000 was incurred on construction and procuring of furniture for Runogone Chiefs Camp. However, supporting documents, including invoices and certificates of works completed, were not provided for audit. Furthermore, a review of the tender documents revealed that the firm awarded the contract completed different tender documents from those filed by the unsuccessful bidders, and no evidence was provided to support the issuance of an addendum to all bidders.

Management Response

1101. The office was completed and is in use. All the tenderers for office furniture were initially unresponsive since they quoted way above the available resources. This prompted a retender using modified tender documents, and only one supplier responded, being awarded the works.

Committee Observation

1102. The Committee observed that the project was completed and is in use. The audit query was addressed.

6. Committee Unsupported Environment Projects

1103. The statement of receipts and payments reflects other grants and transfers of Kshs.60,587,354 as disclosed in Note 7 to the financial statements. Included in the amount is Kshs.2,747,354 relating to environment projects, which was incurred on procurement and distribution of hand-washing tanks and plastic water tanks to various schools within the Constituency. However, Management did not provide documents in support of this expenditure, including invoices, delivery notes, bank statements, inspection reports, payment authorization and bill of quantities. Further procurement records to support how the suppliers were identified were not provided for audit review.

Management Response

1104. The tender was for supply of water tanks and hand washing tanks to schools to combat the COVID-19 pandemic. Please find attached herewith supporting documents for the transaction.

Committee Observation

1105. The Committee observed that the delivery notes and notification letters to the school head teachers were provided and verified by the OAG. The audit query was addressed.

7. Unsupported Bursary to Secondary Schools

1106. The statement of receipts and payments and as disclosed in Note 7 reflects expenditure of Kshs.60,587,354 in respect of other grants and transfers. Included in this amount is Kshs.36,730,000 relating to bursary disbursed to secondary schools, out of which Kshs.15,892,000 was disbursed to tertiary institutions. However, Management did not provide the list of the beneficiaries. Further, evidence that applications for bursaries were done and that the applicants were vetted was not provided for audit review. In the circumstances, the accuracy and value for money for Kshs.15,892,000 incurred could not be confirmed.

Management Response

1107. The schedules, the application forms, and the bursary Committee minutes, including the vetting criteria, have since been provided to the audit team for review.

Committee Observation

1108. The Committee was satisfied with the response and evidence provided by management. The audit query was adequately addressed.

Other Matter

8. Budgetary Control and Performance

1109. The summary statement of appropriation reflects a revenue budget of Kshs.210,446,029 and actual revenue of Kshs.165,357,150 resulting to a revenue short fall of Kshs.45,088,879 or 21% of the budget. Similarly, the Fund spent Kshs.148,392,214 against a budget of Kshs.210,446,029 resulting to budget under absorption of Kshs.62,053,815 or 29% of the budget. The underfunding and underperformance may have negatively affected planned activities and services delivery to the public.

Management Response

1110. Failure to receive all the budgeted funds within the year affected the implementation of all planned activities.

Committee Observation

1111. The Committee observed that supporting documents were provided and was satisfied with the management response. The audit query was addressed.

Basis of Conclusion

9. Irregular Renewal of Security Contract

1112. The statement of receipts and payments reflects use of goods and services expenditure of Kshs.10,633,993 which as disclosed under Note 5 to the financial statements includes Kshs.642,083 in respect to security operations. Review of the contract agreements revealed that Management entered into a one (1) year renewable contract for the provision of security services with a service provider in June 2020 which was subsequently renewed in June 2021. However, no evidence that Management carried out a value for money assessment to determine whether the terms designated in the contract agreement remained competitive as at the time of renewal. This was contrary to Section 114(2) of the Public Procurement and Asset Disposal Act, 2015.

1113. Further, evidence of appointment of the tender evaluation and tender opening Committee members, advertisement for the tender and tender bids, list of prequalified suppliers and the procurement plan were not provided for audit review.

Management Response

1114. The NG-CDF office is located next to a forested area on the outskirts of Meru town which poses a serious security risk caused by idlers and vagabonds who reside in the forest. Several theft instances and attempts had been made targeting the NG-CDF property, which informed the decision to engage the services of a security company and other security measures. The current contract was just a renewal of a long-standing security arrangement with the security firms. The NG-CDFC stands guided on the legal provision and will carry out the necessary regular value for money assessments as required by law.

Committee Observation

1115. The Committee observed that supporting documents were provided and verified and the query adequately addressed.

10. Irregular Routine Maintenance Expenditure

1116. The statement of receipts and payments and as disclosed in Note 5 to the financial statements, reflected the use of goods and services expenditure of Kshs.10,633,993. Included in this amount is Kshs.173,065 relating to routine maintenance of vehicles and other transport equipment, which was not supported by the driver's report on defects. Further, the services were procured through direct procurement and no justification was provided for the use of the direct procurement method. This is contrary to Section 103(2)(a) of the Public Procurement and Asset Disposal Act, 2015.

Management Response

1117. The constituency has a Toyota land cruiser motor vehicle. The motor vehicle was inspected by the district mechanical officer who issued an inspection report on all the defects including normal service and major repairs or parts replacement.

1118. There was only one authorized Toyota Kenya dealer in the region hence, it was not feasible to use any other to get genuine parts.

Committee Observation

1119. The Committee observed that the supporting documents were provided and verified by the OAG. The audit query was addressed.

11. Unsatisfactory Implementation of Projects

1120. The statement of receipts and payments reflected transfer to other government entities amount of Kshs.72,438,241 which as disclosed in Note 6 to the financial statements includes transfer to Primary schools' amount of Kshs.41,688,241. Included in the transfers to Primary school's balance is Kshs.1,600,000 incurred on renovation of eight (8) classrooms at Gitoro Primary School. However, review of the project files and physical verification done in April 2022 revealed poor workmanship as the floor had cracks and the paint was peeling off. Further, fasteners and permanent vents with mosquito gauze provided for in the bill of quantities had not been done.

1121. In the circumstances, the public may have not gotten value for money on Kshs.1,600,000 incurred on the project.

Management Response

1122. The project was ongoing at the time of the audit. The same has since been completed.

Committee Observation

1123. The Committee observed that the project was completed and in use. The query was addressed.

12. Unsatisfactory Implementation of Emergency Projects

1124. The statement of receipts and payments and as disclosed in Note 7 reflected a balance of Kshs.60,587,354 in respect of other grants and transfers. Included in this amount was Kshs.5,050,000 in respect of emergency projects out of which Kshs.1,200,000 was incurred on construction of a special classroom, toilet, and kitchen at Meru School for Mentally Challenged school.

1125. However, physical verification of the project done in April 2022 revealed that installation of 150 by 100-millimeter box gutters and 75-millimeter diameter rainwater down pipe provided for in the bills of quantity had not been done. Further, the toilet had been partially done. The project was ongoing at the time of the audit. The same has since been completed.

Committee Observation

1126. The Committee observed that the project was completed and in use. Photos were provided for verification and the audit query addressed.

13. Non-Compliance with the PSASB Requirements

1127. In the audit report of the previous year, several paragraphs were raised. However, Management has not disclosed prior year audit recommendations in the annual reports and how it has resolved them contrary to the provisions of the Public Sector Accounting Standards Board (PSASB) template.

Management Response

1128. Included in this report are the prior year audit responses. The template has since been revised to include prior year issues.

Committee Observation

1129. The Committee observed that the financial statements were rectified in subsequent years. The audit query was addressed.

14. Delayed Project Implementation

1130. Examination of the Project Implementation Status Report provided for audit revealed that a total of Kshs.185,887,325 was disbursed to one hundred and ninety-nine (199) projects out of which one hundred and twelve (112) projects worth Kshs.133,903,342 were complete, thirty-four (34) projects worth Kshs.39,942,206 were on going while fifty-three (53) projects worth Kshs.12,041,777 had not started.

1131. In these circumstances, value for money may not be obtained on the delayed implementation of projects.

Management Response

1132. Release of Funds for F/Y 2020-2021 (KSH 12M) had been delayed for 2 years and were released in July 2023 hence the delay in projects implementation.

Committee Observation

1133. The Committee observed that the current project implementation status was provided and verified by the Auditor. The query was addressed.

3.4.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1. Failure to Acknowledge Bursary

1134. The statement of receipts and payments reflected other grants and transfers of Kshs. 67,695,027 as disclosed in Note 6 to the financial statements. Included in this amount is Kshs. 48,769,850 in respect to bursary - tertiary institutions out of which only Kshs. 38,654,040 was acknowledged, leaving a balance of Kshs. 10,115,810 or 21% unacknowledged.

Management Response

1135. The management provided that the acknowledgment rate has since gone up to over 99% as per the acknowledgment receipts schedule provided to the audit team for verification.

Committee Observation

1136. The Committee observed that the cheques were disbursed through the Postal Corporation of Kenya and acknowledged. A contract agreement with the Corporation was provided for verification. The query was adequately addressed.

2. Irregular Expenditures on Transfers to Secondary Schools

1137. The statement of receipts and payments reflected transfers to other Government units of Kshs. 89,850,000 as disclosed in Note 6 to the financial statements. Included in this amount is Kshs. 31,350,000 in respect to transfers to secondary schools. However, a review of the expenditure revealed the following anomalies;

1138. Runogone Day Secondary School was allocated Kshs. 700,000 for completion of a 400-capacity dining hall, external finishes, kitchen floor, wall plastering, painting, plumbing works, energy-saving jiko installation, and purchase of 50 dining hall tables and 100 benches. However, verification conducted in March 2023 revealed that the school had not been supplied with the 50 tables and 100 benches. Further, the school PMC account had a nil balance;

1139. Kinoru Day Secondary School was allocated Kshs. 500,000 for completion of dining hall and ceiling for kitchen stores, plastering, flooring, painting, and purchase of 30 dining hall tables, 60

benches, and installation of water system. However, verification done in March 2023 revealed that the ceiling for the stores had not been done, and no water system had been installed.

1140. In the circumstances, the regularity and value for money for the expenditure of Kshs. 1,200,000 could not be confirmed.

Management Response

1141. Runogone day secondary school- although the Committee's proposal was for doing various works in the dining hall and kitchen project, the funds available were only able to do the external finishes of the dining hall, kitchen, installation of energy saving Jikos and plumbing works. It was not possible to furnish the dining hall with the limited funding of ksh 700,000. The Committee will henceforth check the reliability of its estimates. Please find attached the tender documents for the awarded contractor. Furniture was omitted from the tender document.

1142. Kinoru day secondary school – please find attached the tender documents for the school showing that the allocated funds were only able to furnish the dining hall project and that no ceiling works were awarded under the contract. The Committee will henceforth check the reliability of its estimates.

Committee Observation

1143. The Committee observed that the projects were completed and are in use. The audit query was addressed.

3. Unsupported Project Management Committee (PMC) Account Balances

1144. The financial statements reflected Kshs. 26,131,973 in respect to PMC account balances whose cashbooks, bank statements, bank reconciliation statements and certificates of bank balances were not provided for audit. Further, the balances were not returned to the constituency account, contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015, which stipulates that all unutilized funds in the Project Management Committee accounts shall be returned to the constituency account.

Management Response

1145. The management provided a schedule of PMC balances as of 30.6 2022 as provided by their bankers.

Committee Observation

1146. The Committee observed that the management did not provide the cashbook extract, bank reconciliation and PMC bank statements. The query was not addressed.

Committee Recommendation

1147. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the

Accounting Officer should submit the cashbook extract, bank reconciliation and PMC bank statements to the National Assembly.

Other Matter

4. Budgetary Control and Performance

1148. The summary statement of appropriation reflects final receipts budget of Kshs. 199,863,175 and actual revenue of Kshs. 187,774,296 resulting to an underfunding of Kshs. 12,088,879 or 6% of the budget. Similarly, the Fund spent Kshs. 171,867,798 against an approved budget of Kshs. 199,863,174 resulting to an under expenditure of Kshs. 27,995,385 or 14% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

1149. Of the Kshs. 199,442,695 budgeted, only Kshs. 187,353,816 was actually released to the constituency leaving a balance of Kshs. 12,088,879 unfunded for the 2020-21 financial year. The funds had still not been released to the constituency as at the time of the audit. The funds were finally released in July 2023 and the planned activities implemented.

Committee Observation

1150. The Committee observed that this was due to underfunding. Supporting documents were provided and verified by the Auditor. The audit query was addressed.

5. Previous Year's Audit Report

1151. The previous year's audit report of the Auditor-General for the Fund highlighted several audit issues. However, the Fund Management has not provided evidence of how the issues were dealt with and therefore are still outstanding.

Management response

1152. The management responded with the responses for the 2020-2021 financial year.

Committee Observation

1153. The Committee was satisfied with the management response and the query was addressed.

Basis for Conclusion

6. Imprest Management and Control

1154. A review of records revealed that the Fund did not maintain an imprest register to record issuance and control of imprest. Imprests were issued to staff without confirmation of surrender of previously held, resulting to multiple imprest issuance. This is contrary to Regulation 93 (4) (b) of the Public Finance Management (National Government) Regulations, 2015, which states that before issuing temporary imprest to an officer, the Accounting Officer should ensure that the applicant has no outstanding imprests.

Management Response

1155. The Fund manager provided that at the closure of the financial year, all outstanding imprests had been surrendered and fully accounted for. The management committed to adhere strictly to the operational guidelines in force regarding management of imprest.

Committee Observation

1156. The Committee observed evidence of the imprest register was provided and verified by the OAG. The query was adequately addressed.

Basis of Conclusion

7. Irregularities in the Implementation of Primary School Projects

1157. The statement of receipts and payments reflects transfers to other Government units of Kshs. 89,850,000 as disclosed in Note 6 to the financial statements. Included in this amount is the transfer to primary school's amount of Kshs.58,500,000 out of which Kshs.2,000,000 was transferred to Kambereu and Mbeu Primary Schools. However, the following anomalies were noted;

- i) Kambereu Boarding Primary School was allocated Kshs. 1,100,000 for completion of boy's dormitory, plastering, fixing metal doors and painting. However, verification conducted in March 2023 revealed that the school had not completed the dormitory and plastering had not been done;
- ii) Mbeu Primary School was also allocated Kshs. 900,000 for renovating five (5) classrooms, roofing, flooring, wall plastering, and painting. However, verification conducted in the month of March 2023 revealed that flooring, wall plastering and painting has not been done.

1158. In the circumstances, the value for money on the expenditure of Kshs. 2,000,000 could not be confirmed.

Management Response

1159. The management provided the following: -

Kambereu Boarding Primary School. The funding was for a 8 door ablution blocks at ksh 800,000 which was successfully constructed and is in use and ksh 300,000 was to do completion works on a dormitory which though incomplete, was still in use posing a health threat to the occupants. The only works which were undertaken using the little funds were plastering, painting and installation of metal doors and windows. No electrical works were done under the contract as per the attached document

Mbeu Primary School. Although the NG-CDFC had initially proposed to fully repair 5 classrooms, the allocated funds were only enough to replace the entire roof with box profile roofing sheets and replace the worn-out supporting framework. Further renovation works would be undertaken in future allocations.

Committee Observations

- 1160.** The Committee observed that the dormitory was complete, and supporting documents were provided.
- 1161.** The Committee further observed that 10 classrooms were roofed instead of five and the change of scope was not supported. The query was partially addressed.

Committee Recommendation

- 1162.** Within three (3) months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, (CAP.412B) the Accounting Officer should submit the PMC minutes, Board approval, and any other supporting documents that recommend for the change of scope to the National Assembly.

8. Delayed Delivery of Water Tanks to Primary Schools

- 1163.** The statement of receipts and payments reflects transfers to other Government units of Kshs.89,850,000 as disclosed in Note 6 to the financial statements. This amount includes transfers to primary schools of Kshs.58,500,000 out of which Kshs. 723,800 was incurred on the purchase of seven (7) 10,000 litres water tanks for primary schools. However, verification conducted in the month of March 2023, revealed that the tanks were still lying at the Fund offices and had not been collected by the respective beneficiary schools.
- 1164.** In the circumstances, the regularity and value for money in the expenditure of Kshs.723,800 could not be confirmed.

Management Response

- 1165.** The Fund Manager provided that the tanks were delivered to the NG-CDF office for labeling and official launch. In the meantime, tank base construction and/gutter installation were also ongoing at the various beneficiary institutions in readiness for the April 2023 rains. The tanks have since been delivered to the institutions. Photos were availed to the auditor for review.

Committee Observation

- 1166.** The Committee observed that the management provided evidence to the Office of the Auditor General confirming that the tanks were delivered. The query was addressed.

3.5 KIRINYAGA CENTRAL CONSTITUENCY

1167. The Fund Account Manager for **Kirinyaga Central Constituency** appeared before the Committee on Thursday, 22nd August 2024, tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows:

3.5.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Accuracy and Completeness of the Financial Statement

1168. Cash and cash equivalent balance of Kshs.39,563,226, whereas the statement of cash flows shows a cash and cash equivalent of Kshs.38,271,387. The resulting variance of Kshs.1,291,839 has not been explained.

1169. Total financial assets balance of Kshs.39,563,226, against total liabilities balance of Kshs.36,330,343 resulting to a variance of Kshs.3,232,883 which has not been explained. In the circumstance it has not been possible to confirm the accuracy and the completeness of the financial statements as of 30 June 2014.

Management Response

1170. The Fund Manager provided that the financial statement has since been restated and forwarded to the auditors for verification.

Committee Observation

1171. The Committee observed that the restated financial statements had been submitted to the auditors and verified. The query was adequately addressed.

2. Construction of Dispensary on private owned land

1172. Kirinyaga Central CDF undertook the construction of Ngaru Dispensary in February 2013. The dispensary is located on ½ acre plot in Ngaru sub-location whose registered owner is Mr. Muriuki Muchiri. The construction of the dispensary in this plot was undertaken with an understanding that the owner will be compensated with 3 acres of land at South Ngariama. A physical verification showed that the construction of the dispensary has been completed and the contractor paid a total of Kshs 4,044,900 during the year under review. It was also observed that the dispensary, although completed, was not operational. Further, the land where the dispensary is built has not been transferred to the CDF as was initially agreed. The public may lose this facility if the encumbrances are not resolved. In the circumstances, the resident of Kirinyaga central may not benefit from this project and the amount paid for this project may go to waste if not utilized and the land ownership transferred to the CDF.

Management Response

1173. The management provided that the owner has since been compensated and the land transferred to the national government and the communication on the dispensary land compensation done to the county government who are responsible for its operationalization.

The copy of the title deed and the communication letter to the county government has been availed to the auditors for verification.

Committee Observation

1174. The Committee observed that a copy of the title deed for the dispensary and the communication letter to the county government had been availed to the Office of the Auditor General for verification. The query was adequately addressed.

3. Unutilized Projects

1175. Construction of four (4) health facilities and seven (7) security projects that have been funded to the tune of Kshs 13,436,600 and Kshs 4,557,536 respectively had been completed. However, a physical verification of these projects revealed that they were not being utilized for reasons that were not explained. It has been possible therefore to ascertain whether the projects effectively and efficiently met the intended purposes.

Management Response

1176. The Fund Manager provided a list of health facilities that were stated as unutilized during the audit.

NO.	HEALTH FACILITY	AMOUNT
1	Kiandieri Dispensary	3,567,900
2	Kiawakara Dispensary	3,085,700
3	Kiamuruga Dispensary	3,433,000
4	Kiamuthambi Dispensary	3,350,000
	TOTAL	13,436,600

1177. He stated that the dispensaries were not operational at the time of audit but Kirinyaga central CDF Committee had performed its duty of constructing the said dispensaries to completion and handed over to the then Ministry of Public Health and Sanitation as confirmed by their letter dated 22/4/2013 forwarding the above facilities for gazettement. Another letter was done by the Kirinyaga central CDF Chairman to the Kirinyaga county director of health as follow-up on the handing over of the said dispensaries since the health services were devolved to the county governments and therefore assuming the responsibility of running these facilities dated 24/2/2014. The county government has already operationalized some of these dispensaries namely Kiamuthambi and Kiawakara dispensaries which are fully operational.

1178. The letter forwarding the facilities for gazettement, handing over letter to county government and sample photos have been availed to the auditors for verification.

1179. He further listed seven security projects that were not in use at the time of audit:

NO.	SECURITY PROJECT NAME	AMOUNT
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1	Nduini Assistant chiefs Office	6,00,000
2	Mbeti Assistant Chiefs Office	600,000
3	Ndimi A.P. Lines	770,000
4	Kanyekiini Chief's Office	889,536
5	Kiaga Assistant Chief's office	600,000
6	Kanyei Assistant chief's office	600,000
7	Ndimi Assistant chief's office	500,000
	TOTAL	4,559,536

1180. The management provided that the projects were on-going since none of them had toilet/latrine and furniture despite the office building being complete and therefore it could be difficult to operate a public office in an area with no public toilet/latrine and furniture. Currently all the offices are in use since the toilets/ latrines are complete and furniture supplied.

Committee Observations

1181. The Committee observed that the projects fell under devolved functions and had been handed over to the county government. Kianderi and Kiamuthambi dispensaries were operational, but Kianderi and Kiamuruga dispensaries were yet to be operationalized.

1182. The Committee observed that the responsibility of running the facilities belonged to the County Government. The query was adequately addressed.

Outstanding Imprests

1183. The statement of financial assets and liabilities as of 30 June 2014, disclosed that temporary imprest totaling Kshs 4,114,044, which ought to have been surrendered on or before 30 June 2014, were still outstanding contrary to financial regulations and procedures which requires imprests be surrendered within 48 hours after completion of the assignments for which they were taken. The CDF management was therefore in breach of the regulations.

Management Response

1184. The management that the outstanding imprest of Kshs.4,114,044 consisted of the following:-

Imprest Holder	Imprest Warrant Number	Amount	Date Signed By The Fund Account Manager	Date Cleared By Treasury Examiner	Date Cleared By District Accountant By Posting In The Cashbook
Paul Mugwe	0952681	441,044	11/4/2013	15/5/2015	19/8/2015

Paul Mugwe	0814354	1,500,000	14/4/2013	17/9/2013	2/6/2015
Paul Mugwe	1653216	1,474,000	17/01/2014	17/10/2014	2/6/2015
Kenneth Kariuki	1659928	468,000	26/5/2014	6/06/2014	10/12/2015
Kenneth Kariuki	1659946	181,000	20/6/2014	04/07/2014	31/08/2014
Kenneth Kariuki (Funds Manager)		50,000	12/5/2014	13/5/2014	9/11/2015
Total		4,114,044			

1185. He further provided that the above imprests have since been surrendered. Copies of the surrender vouchers and cash book pages have been availed to the auditors for verification.

Committee Observation

1186. The Committee observed that copies of the vouchers were availed for audit and verification. The query was adequately addressed.

3.5.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1. Stalled Ndimi Milk Cooling Plant Project

1187. Information available indicated that the Ndimi milk cooling plant project was proposed for funding in the financial year 2012/2013 but was not approved by the CDF board citing the sustainability of the project and also clarification of ownership of the project. Though no clarification was provided, the CDF went ahead to implement the project without CDF board approval.

1188. According to the tender documents made available, the tender for this project was awarded to M/s Mukasi Contractor, who was the second lowest bidder at a contract sum of Kshs 10,245,860 on 21 January 2013. No reason was given as to why the second lowest bidder was awarded the project instead of the lowest bidder. According to the contract agreement, the contract period was 12 weeks, and the targeted completion date was 22/ April /2013. Further, although a total of Kshs 8,380,120 has been paid to the contractor so far, verification of the project showed that the main building for the cooling tank was complete, thus leaving some excavated grounds open and the contractor has not been on site since 2013. The project has now stalled.

1189. In the circumstance, the amount paid for the project may go to waste if the facility is not utilized, and value for money may not be realized from this project. According to the approved code list, this project is referred to as the Kibingo Milk cooling plant project, this occurred since the project is in the Ndimi sub-location and Kibingo Village.

Management Response

- 1190.** The management provided that the project had a conditional approval at first subject to forwarding the following information to the CDF Board: project ownership, management, and sustainability details. Once the details were forwarded to the CDF Board, the project was given full approval. The conditional approval and full approval documents have been made available to the auditor for verification.
- 1191.** Although the audit report indicated that there were no reasons given for awarding the tender to the second lowest bidder, the project management Committee clearly indicated the following reasons as the basis for the award of contract in the bidders' evaluation report and the project management Committee tender award minutes. The reasons stated includes: The contractor's rates were within the market rate, the contractor had high experience in constructing milk coolers since they had constructed other three before. The bidders' evaluation report and project management Committee tender award minutes have been availed to the auditors for verification.
- 1192.** The mechanical works were fully constructed as per the payment certificate from ministry of infrastructure, roads and public works. This can also be clearly shown from the project photos. The payment certificate from ministry of public works and sample photos have been availed to the auditors for verification.
- 1193.** The milk cooling plant is not yet operational although it was handed over to the community caretaker Committee who were to operationalize it.

Committee Observations

- 1194.** The Committee observed that the project was handed over to the County Government as it fell under County Government Functions.
- 1195.** The Committee noted that the NGCDF Board, as part of its follow-up on projects falling under County Government functions, submitted a report to the NG-CDF Committee detailing the status of all such projects. These projects were subsequently handed over to the respective County Governments. The query was therefore adequately addressed.

2. Outstanding Imprests

- 1196.** The statement of assets as at 30 June 2015 disclosed that temporary imprest totaling Kshs441,044, which ought to be surrendered on or before were still outstanding contrary to financial regulation and procedures which requires imprest to be surrendered within 48 hours after completion of the assignment for which they were taken. The CDF management was therefore in breach of the regulation.

Management Response

- 1197.** The management responded with details of the outstanding imprest are as follows:

Imprest Holder	Amount	Date Signed By CDF Fund Account Manager	Date Cleared By District Treasury Examiner	Date Cleared By District Accountant By Posting In The Cashbook
PAUL MUGWE	441,044	11/4/2013	15/5/2015	19/8/2015

1198. This imprest has since been surrendered. A copy for the surrender voucher and the cashbook page has been availed to the auditor for verification.

Committee Observation

1199. The Committee observed that copies of vouchers and cash book extract were availed for audit verification. The query was adequately addressed.

Other Matter

3. Overall Budget Execution

1200. A review of the statement of appropriation revealed 55% and 88% budget utilization of other grants and transfers to government entities respectively as shown below:

Description	Approved projects	Implemented	Not Implemented	Budget	Actual Expenditure	%
Other Grants	85	40	45	121,427,106	67,267,386.45	55
Transfer to Government entities	48	43	5	30,687,461	26,892,470	88

1201. The CDF approved 85 projects under other grants to be implemented during the year under review. However, only 40 were implemented during the year. Therefore, balance of 45 projects were not implemented. Out of the 45 projects not implemented under other grants, funds to implement 27 approved projects had not been received from the CDF Board but 18 projects had been funded. Details of the unimplemented projects are as per Appendix 1(a). Further out of the 40 projects on other grants implemented in 20214/2015 financial year 25 were approved in 2013/2014 through authorized re allocation on the previous year's funding but were received towards the end of 2013/2014 financial year.

1202. Similarly, the CDF had approved 48 projects under transfer to government entities but 43 were implemented leaving 5 projects unimplemented. Out of the 43 projects implemented under transfer to government entities 28 were funded in 2013/2014 financial year.

Management Response

1203. The management responded as follows:

- i) Approved projects should be implemented without undue delay.
Release of funds for this financial year from the CDF Board were as follows:

A.I.E. AMOUNT (Kshs)	A.I.E NUMBER	Fund Disbursement Date (A.I.E. Date)
23,779,635	A797132	13/05/2015
23,779,635	A797000	22/4/2015
33,356.554	A759657	7/01/2015
80,915,824	TOTAL	

1204. The main reasons for the delay in the project implementation are delay in the disbursement of fund by the exchequer and project documentation by the ministry of Infrastructure, transport, roads and public works. In both cases CDF Committee has no authority to speed up the process but to stick to said bodies' programmes. The problem of the delayed project documentation has since been solved through employment of a qualified clerk of works. Copies of corresponding A.I.E's and ministry of public works project documentation report have been availed to auditors for verification.

- ii) The constituency development fund releases the funds to the project management Committee project accounts immediately the funds are released by the CDF board into the CDF account. The said funds were immediately released to the PMC accounts when the funds were received. copy of the NG-CDF Committee minutes authorizing fund disbursement have been availed to the auditors for verification.
- iii) Funds should not be re allocated from the approved project without prior approval of Constituency Development Fund Board. Based on this statement the over absorption of Ksh. 1,881,412 on bursary was funding that had not been utilized from the previous years' allocation as shown below;

Yearly Bursary Category	2012/2013 Bursary Allocation. (Kshs)	2013/2014 Bursary Allocation.(Kshs)	2014/2015 Bursary Allocation.(Kshs)
Tertiary bursaries	130,312.00	12,400,000.00	5,413,848.00
Secondary Schools Bursaries			8,000,000.00
Total Bursary for The Year Distributed In 2014/15	130,312.00	12,400,000.00	13,413,848.00

1205. Thus, there was no reallocation of funds without approval from the board.

Committee Observation

1206. The Committee observed that the delayed implementation was due to late exchequer releases. The projects were completed and in use. The query was adequately addressed.

3.1 Unutilized Ndimi AP Line Houses

1207. Physical verification exercise carried out on 16 December 2015 on the Ndimi AP lines houses which were constructed at a cost of Kshs. 977,517.50 revealed that though the houses are complete, they have not been put into use. It was also noted that some of window panes have been broken. Public funds spent are therefore not benefitting the citizens.

Management response

1208. The management provided that at the time of audit, the houses were not in use although the two administration police residential houses were complete, this is because the project was still on-going since the whole project was to comprise of five units and at the time of audit there were only two units completed. The other three units have since been constructed to completion and the broken windows replaced. The project is currently complete and in use.

Committee Observation

1209. The Committee observed that the projects were completed and in use. The query was adequately addressed.

3.2 Unutilized Health Facilities

1210. Six Dispensaries costing Kshs.21,267,636 and which were also reported during the 2013/2014 audit report are not yet put into use. The owner of the land where one of the health facilities, Ngaru Dispensary, had been constructed had also not been compensated by December 2015 when the audit inspection was carried out.

In the circumstance, the residents of these areas may not benefit from these projects, and the amount paid for the projects may go to waste if not utilized and the land ownership transferred to the CDF.

1211. The management provided a list of the dispensaries with costs:

	NAME OF FACILITY	COST
1	Ngaru Dispensary	4,044,900
2	Kiaga Dispensary	3,916,536
3	Kiaritha Dispensary	3,219,600
4	Kiamuruga Dispensary	3,433,000
5	Kiandieri Dispensary	3,567,900
6	Kiawakara Dispensary	3,085,700
	Total	21,267,636

1212. All the facilities were handed over to the Kirinyaga County government as per our letter dated 24/2/2014. This has enabled the county government to operationalize Kiaga and Kiawakara Dispensaries. The handover letter and photos of the operational dispensary had been forwarded to the auditor for verification.

1213. The owner of the land where Ngaru Dispensary is constructed has since been compensated, and the land transferred to the national government (and the status of the dispensary land compensation communicated to the county government for the operationalization of the dispensary).

Committee Observation

1214. The Committee observed that the query was adequately addressed.

3.5.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/ 2016

1. Other Grants and Transfers

1215. The financial statements, other grants and other payments included amount of Kshs 9,118,987 and Kshs 3,396,003 in respect of bursary secondary schools and bursary tertiary institutions respectively totaling Kshs.12,514,990 awarded to various beneficiaries in various learning institutions as bursaries to needy students. However, bursaries to tertiary institutions amounting to Kshs 8,017,857 were not supported by acknowledgement letters/ receipts to confirm the bursaries were received in these institutions. Further documents availed for audit reflected total bursary expenditure of Kshs.12,499,990, resulting to a variance of Kshs 15,000 which was not explained or reconciled in the circumstances; the propriety of the bursary expenditure of Kshs 12,514,990 could not be confirmed.

Management Response

1216. The bursaries to tertiary institutions totaled Kshs 3,396,003, while those issued to secondary schools totaled Kshs 9,118,987. The total bursary issued is Kshs.12,499,990. Bursary cheques receipt acknowledgement by different institutions received by CDF office totals Kshs 4,482,133, translating to 36% of the total bursary issued in the year under audit. To improve on the situation, the Kirinyaga central NG-CDF Committee has made it mandatory for the institutions to acknowledge the bursary receipt by issuing official receipts totaling the bursary issued to the institutions. The Committee has also engaged the post office corporation services for the delivery of bursary cheques to benefiting institutions and return the acknowledgement receipts to the NG-CDF office. This has enabled the NG-CDF Committee to achieve a 100% acknowledgment. A sample copy of the bursary cheques forwarding letter and a copy of the Postal corporation agreement had been availed to the auditor for verification.

1217. The financial statement is usually prepared by the expenditures incurred and posted in the cashbook. During the posting of bursary cheques in the cashbook, there was an overcast of the bursary by Kshs.15,000, which was still uncorrected by the close of the financial year and

which was not noted during the preparation of the financial statement. This results in the said difference. But this difference has since been corrected and can be verified from the cashbook.

Committee Observation

1218. The Committee observed that the cash book extract and copy of the Postal Corporation agreement were availed for audit verification. The query was adequately addressed.

2. Cash and Cash equivalents

1219. The statement of assets as of 30 June 2016 reflects bank balances (as per the cashbook) of Kshs 10,968,281.35. However, the following observations were made:

i. Items in bank statement not in cashbook

1220. Excluded from the bank balance as per the cashbook of Kshs 10,968,281.35 are receipts in the bank statement of Kshs 1,110,170.00, which has not been reconciled. Further bank charges amounting to Kshs 156,999 dating back to the year 2010/2011 have not been posted to the cashbook to date. No explanations have been provided as to why these payments have not been posted to the cashbook as of 30 June 2016.

Management Response

1221. According to the bank statements for the year under audit, the only deposits not posted in the cashbook were the following:

Amount Deposited	Source of Fund	Date Deposited	AIE Number
1,000,000.00	NG-CDF BOARD	14/6/2016	A825703
10,000.00	Bursary Refund	5/5/2016	N/A
1,010,000.00			

1222. The other credit entries totaling Kshs 100,170 in the bank statement are payment transaction adjustments within the bank, which include errors and corrections made by the bank when effecting different payment transactions. These adjustments do not affect the bank balance since they are self-balancing. Copies of the A.I.Es from the NG-CDF board and cashbook pages where they were posted have been availed to the auditors for verification.

1223. The accumulated bank charges have since been charged in the cashbook and cleared. A copy of the voucher for payment of the accumulated bank charges and the cashbook page where they were posted has been availed

ii. Long outstanding Reconciliation items (Unpresented cheques), Kshs 1,159,391.35

1224. A review of the bank reconciliation statement indicates that un-presented cheques totaling to Kshs 1,159,391, with some of the cheques dating back to the financial year 2010/2011 and already stale as of 30 June 2016, had not been reversed, and no reason was provided for the failure to reverse the cheques into the cashbook.

1225. Consequently, the accuracy of bank balances of Kshs 10,968,281.35 as of 30 June 2016 could not be confirmed.

Management Response

1226. The long list of un-presented cheques in the reconciliation statement had since been reversed in the cashbook. The cashbook pages showing that the cheques were reversed were availed to the auditor for verification.

Committee Observation

1227. The Committee observed that the copies of the cashbook extract and journal vouchers were submitted to the auditor for verification. The query was adequately addressed.

Other Matter

3. Budget Performance Analysis

3.1 Overall Budget Analysis

1228. A review of a statement of budget appropriation revealed 69% and 63% overall budget utilization on receipts and expenditure respectively. Details are as follows:

	Budget	Actual	Difference	% Of Budget Utilization
Receipts	165,005,430	114,310,766	50,694,664	69%
Expenditure	165,005,430	103,342,528	61,662,901	63%

1229. The above analysis reflects that the CDF underspent the budgeted funds by Kshs 61,662,901 or 37% of the approved budget of Kshs 165,005,430. No reason was provided for the underutilization of budget.

Management Response

1230. The management provided the reason for budget underutilization as delayed disbursement of funds from exchequer to the constituency as shown in the table being the main cause of low fund absorption. The corresponding A.I.E's have been availed to the auditors for verification.

A.I.E. Number	Date of A.I.E To Kirinyaga Central Of The Requested Funds	Amount Involved (KSHS)
A797000	22/4/2015	23,779,635.00
A797132	13/5/2015	23,779,635.00
A759733	2/11/2015	46,559,270.00
A825703	28/6/2016	1,000,000.00

Committee Observation

1231. The Committee observed that this was a matter of delayed exchequer releases to the constituency. The query was adequately addressed.

3.2 Under and Over Expenditure on Development Projects

1232. Development Projects recorded significant under-expenditure during the year under review as follows:

Development Project	Approved Budget (Kshs)	Actual Expenditure	Under Expenditure	Over statement	% Difference
Sports	2,000,000	1,696,000	304,000		15.2%
Bursary	25,000,000	12,415,090	12,584,910		50%
Security	2,750,000	20,721,409		17,971,409	653.5
Roads & Bridges	30,800,000	17,575,441	13,224,559		42.9
Water	2,500,000	16,750,000		14,250,000	570
Emergency	5,767,647		5,767,647		100
Agriculture		200,000		200,000	100

1233. From the analysis above bursary awarded to students recorded 50% under expenditure while security, water and agriculture projects recorded over expenditure. The reason for the under-expenditures observed was not explained.

Management Response

1234. The management provided as follows:

Development Project	Approved Budget (Kshs)	Actual Expenditure	Under Expenditure	% Difference	Reason for the Under Expenditure
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Sports	2,000,000	1,696,000	304,000	15.2 %	The allocation of 2,000,000 is for FY 2015/2016 but the actual expenditure of Ksh. 1,696,000 was for FY 2014/2015 with an allocation of Kshs 1,702,371 thus the under expenditure was only Kshs 6,371. The Committee had not prioritized the spending on sports from the funding that was received for 15/16 hence the sports funds this were yet to release by NG-CDF Board.
Bursary	25,000,000	12,415,090	12,584,910	50%	The CDF board delayed in the release of funds
Roads & Bridges	30,800,000	17,575,441	13,224,559	42.9	The CDF board delayed in the release of funds
Emergency	5,767,647		5,767,647	100	There were no emergency cases within the year. And the funds were re-allocated to other project after the end of the financial year. Copy of the emergency re-allocation approval have been availed to the auditors for verification.

Committee Observation

1235. The Committee observed that this was a matter of delayed exchequer releases to the constituency. The query was adequately addressed.

1.1 Development projects Implementation

1236. During the financial year 2015/2016, Kirinyaga central NG-CDF budgeted to implement 22 projects in secondary schools. As at 30 June 2016, six projects were complete, and 17 others were ongoing representing a budget performance on implementation of 27% and 73%, respectively. In addition, Kshs.15,300,000 for transfer to secondary schools. However, Kshs.16,712,269 was the actual transferred amount, representing a budget over expenditure of Kshs.1,412,269 or 9.23%.

1237. It was not explained how over expenditure was financed, as all the reallocations were confirmed and did not include the Kshs.1,412,269. Given the budget over expenditure projects in secondary school may not have been implemented as per the approved proposal by the National Government Constituency Development Fund Board.

Management Response

1238. The management provided that although the total allocation for the year was Kshs 15,300,000 there was a re-allocation to secondary school from other projects totaling Kshs 1,412,269 dated 11/11/2015 for financial years 2011/2012 and 2014/15. Copies of re-allocation approval letters availed to the auditors for verification resulting to expenditure of Kshs 16,712,269 which was fully approved by NG-CDFB. No project implemented without authorization from the NG-CDFB. The secondary school projects implemented during the year were as follows:

Project Name	Date Paid	Voucher No.	Chq No.	Amount	Re-Allocation Or Normal Allocation
Kirimunge Sec School	30/11/2015	290487		2 000 000	2014/15 Project resubmission
Mutuma Trinity	30/11/2015	290512	6773	412 269	Re-allocation
Mutira Girls Sec School	31/01/2016	290519	6836	500 000	Re-allocation
St Francis Waigiri Pri	30/11/2015	290514	6775	200 000	Re-allocation
				3,112,269	
Gathuthuma Sec School	31/01/2016	290534	7354	550 000	Normal allocation
Mutira Girls Sec School	31/01/2016	290527	7355	700 000	Normal allocation
Kiabarikiri Sec School	31/01/2016	290533	7356	500 000	Normal allocation
Gatwe Sec School	29/02/2016	290534	7383	700 000	Normal allocation
St Joseph Sec School	29/02/2016	290541	7390	700 000	Normal allocation
Kiandieri Secondary Sch	29/02/2016	290544	7393	800 000	Normal allocation
Kirimunge Sec Sch	29/02/2016	290546	7395	500 000	Normal allocation
Canon Njumbi Mutira Sec Sch	29/02/2016	290548	7397	700 000	Normal allocation
Kiamuruga Secsch	29/02/2016	290549	7399	700 000	Normal allocation

Kiamutuiira Sec School	29/02/2016	290551	7402	1 200 000	Normal allocation
Gitwe Sec Sch	29/02/2016	290553	7517	700 000	Normal allocation
St Francis Waigiri Sec	29/02/2016	290556	7520	700 000	Normal allocation
Mutitu Sec School	29/02/2016	290557	7521	700 000	Normal allocation
St John Thaita Sec	29/02/2016	290558	7522	650 000	Normal allocation
Mugwandi Sec School	29/02/2016	290559	7523	700 000	Normal allocation
Kiamaina Sec Sch	29/02/2016	290562	7526	1 000 000	Normal allocation
Karaini Sec School	31/03/2016	290521	7559	700 000	Normal allocation
Mukinduri Mixed Sec School	16/05/2016		7627	700 000	Normal allocation
Mutuma Trinity	16/05/2016		7629	700 000	Normal allocation
	TOTAL			13,600,000	

Projects Allocated Funds In 2015/16 But Implemented In 2016/17

KIRIGO SECONDARY SCHOOL	500,000.00
KIRANJA SECONDARY SCHOOL	500,000.00
GATUTO SECONDARY	700,000.00
TOTAL	1,700,000.00

YEAR OF APPROVAL	AMOUNT
2014/2015-Project approved this financial year but implemented in 2015/16	3,112,269.00
2015/2016-Projects approved this year and implemented in the same year	13,600,000.00
Total for projects implemented during the year	16,712,269.00
Amount of projects approved by the NG-CDFB in 2015/2016 but not implemented in the financial year	1,700,000.00

Therefore Kshs 1,412,269 is calculated as Kshs 16,712,269 minus Kshs 15,300,000	1,412,269.00
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Committee Observation

1239. The Committee observed that copies of reallocation letters were availed for audit verification, all the projects were completed and in use, and photos and completion certificates were also availed. The query was adequately addressed.

4. Water Projects

1240. Kirinyaga Central NG-CDF Procured and awarded contracts for construction of eleven (11) 50,000 litres masonry tanks at a cost of Kshs 1,500,000 each totaling 16,500,000 in eleven villages namely: Kiamucuku Water Project, Kiaga water project, Kanyei water project Kathare water project, Kianjege water project Ngaru Water project, Nduini water project, Kaguyu water project, Kaitheri Water Project Kimandi Water project and Ndimi water project. These were community projects and should be built in the public land. However, there were no documentations on or evidence to show whether these masonry tanks were built in public or private land. Further it was not clear whether the diligence was followed to ensure legal process was undertaken before the commencement of the construction of these masonry tanks on the specific locations. As a result, failure to perform the diligence could lead to loss of public funds.

			Appendix
1	Kiamucuku Water Project	Tank constructed in Kiamaina Primary school land, which is a public primary school	
2	Kiaga--Mukanduini Water Project	Tank constructed in Mukanduini borehole water project plot owned by the community.	16a
3	Nduini Water Project	Tank constructed in Nduini water project plot owned by the community.	16b
4	Kanyei-Gitie Gatondo Water Project	Tank constructed in a land bought by the community for the water project and is in the process of being transferred into the water project name.	16c
5	Kathare –Kaki Water Project	Tank was constructed in a land donated by Peter Ndege Kori where an agreement for land donation was entered between the land owner, the water project Committee and NG-CDF representative.	16d
6	Kianjege-Njetha Water Project	Tank constructed in a land bought by the community for the water project and is in the process of being transferred into the water project name.	16e
7	Ngaru-Ngakinyo Water Project	Tank constructed in a land donated by Peterson Muriithi where an agreement for land donation was entered between the land owner, the water project Committee and NG-CDF representative.	16f
8	Kaitheri-Kiganjo Water Project	Tank constructed in a land bought by the community for the water project and is in the process of being transferred into the water project name.	16g
9	Kimandi-Kiandieri Water Project	Tank constructed in a land donated by John Muriithi Mureria where an agreement for land donation was entered between the land owner, the water project Committee and NG-CDF representative.	16h
10	Kaguyu-Ndundu Water Project	Tank constructed in a land donated by Daniel Muriithi Mwangi where an agreement for land donation was entered between the land owner, the water project Committee and NG-CDF representative.	16i
11	Ndimi-Gakui Water Project	Tank constructed in a land bought by the community for the water project and is in the process of being transferred into the water project name.	16j

Management Response

1241. The management provided that the tanks are constructed in public places where either the water projects Committees have bought pieces of land which are transferred into their names or in the process of being transferred while others are already constructed in public school's compound; for instance, Kiamucuku water project which is constructed at Kiamaina Primary School compound and others in the donated lands where water projects Committees have entered a binding agreement with the land owners.

Committee Observation

1242. The Committee observed that the projects were completed and in use. The query was adequately addressed.

5. Purchased computers, printers and UPS

1243. During the year, Kirinyaga central NG-CDF awarded Investment Company for supply of computers, printers and UPS for chiefs' offices in the constituency at a cost of Kshs 1,010,000. However, the following observations were made.

- i. Most of the offices were not connected to electricity and therefore the computers could not be used.
- ii. Physical Verification established that the computers were not in use in the offices, but the chiefs and assistant chiefs had kept them in their homes. There were no records to show how the equipment were received by the recipient and if there were recorded in their asset register.

Management Response

1244. The status of electricity connection for both chief's and assistant chief's offices is as follows:

NO.	PROJECT NAME	ELECTRICITY CONNECTION STATUS
1	Inoi Chief's Office	Connected
2	Mutira chiefs office	Connected
3	Kirunda assistant chief's office	Connected
4	Kariko assistant chief's office	Connected
5	Kerugoya chief's office	Connected
6	Kanyei assistant chief's office	Connected
7	Kanyekiini Chief's office	Connected
8	Kathare assistant chief's office	Connected
9	Kagumo/Mutira assistant Chief's office	Connected
10	Mbeti Assistant Chief's office	Applied but not yet connected
11	Kaitheri assistant chief's office	connected
12	Kiaga Assistant chief's office	Connected

13	Nduini assistant chief's office	Not connected
14	Kabari assistant chief's office	Connected
15	Kianjege Assistant chiefs office	connected
16	Ngaru assistant chiefs office	Connected
17	Kimandi assistant chief's office	Not connected
18	Koroma Chief's office	Connected
19	Kiamaina/Kaguyu assistant chief's office	Connected with solar power
20	Ndimi assistant chiefs office	Applied but not yet connected

1245. All the offices with electricity connection have their computers, printers and UPS fully utilized those offices whose connection is not yet done have their computers kept under safe custody of the deputy county commissioner's office and the officers can easily access them and use them in their respective chief's office since all chiefs' offices are connected with power. Although it was not the responsibility of Kirinyaga central NG-CDF to apply for the electricity connection to offices, we are following with the sub-county-commissioner's office to ensure that the remaining offices are connected with electricity and therefore all computers will be fully utilized. Sample photos of some fully operational offices have been availed to the auditors for verification.

1246. The records for the computers given to the chiefs were forwarded to the deputy county commissioner who also acknowledged that the chiefs' and assistant chiefs' have received the computers, printers and power back-ups. This is confirmed by the attached signed distribution list. These computers could not be included in the Kirinyaga Central asset register since they were not part of the CDF assets but the chiefs. The signed list have been availed to the auditors for verification.

Committee Observation

1247. The Committee observed that supporting evidence were availed for audit verification. The Computers, UPS and printers are fully utilized. The query was adequately addressed.

3.5.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1. Bursary

1248. The financial statements for the year ended 30 June 2017 reflects other grants and transfers balance of Kshs.55,042,908 which includes Kshs.16,916,500 and Kshs.5,583,500 in respect of bursary-secondary schools and bursary-tertiary institutions respectively totaling Kshs.41,399,361 which was awarded to various beneficiaries in learning institutions as bursaries to needy students. However, no acknowledgment letters/ receipts from institutions

who received the bursary awards to confirm that it was received and accounted for was availed for audit review.

Management Response

1249. The Fund manager provided that although we did not get 100% of all the receipts or bursary acknowledgement letters from various institutions for the said year, mechanisms have been put in place to ensure that all issued bursaries are receipted or acknowledged. These mechanisms include sending bursary cheques for different institutions using Posta courier. And also, physical delivery of cheques for the institutions within the Kirinyaga county. We have also made it a requirement for benefiting institutions to acknowledge the received bursaries to Kirinyaga Central NG-CDF, where this is always communicated through the cheque forwarding letters. Sample Copy of the cheque forwarding letter and postal corporation agreement are attached for the review of the auditors (Appendix 18). It is also good to note that through some efforts undertaken we have been able to achieve 100% acknowledgement.

Committee Observation

1250. The Committee observed that a Copy of the cheque forwarding letter and postal corporation agreement were availed for audit verification. The query was adequately addressed.

2. Budget Absorption

1251. Review of the statement of budget appropriation revealed 72% and 69% overall budget utilization on receipts and expenditure respectively. Details as follows:

Item	Budget Amount 2016/2017(Kshs.)	Actual amount 2016/2017 (Kshs.)	Difference	%Budget Utilization (Kshs.)
Receipts	144,559,497	103,695,221	40,864,276	72
Expenditure	144,559,497	99,416,380	45,143,117	69

1252. The above analysis reflects that the NG-CDF underspent the budgeted funds by Kshs.45,143,117 or 31% of the approved budget of Kshs.144,559,497. Although, the management attributed the under-performance to delay in disbursement of funds to the constituency by the Board, the CDFC should align its expenditure with budget to avoid idle funds.

Management Response

1253. The main cause of the failure to implement the budget as planned was delay in the disbursement of the funds to the constituency by the NG-CDF national board, from the time

of the fund requisition to the time when the funds are released. For instance, the second disbursement for the financial year 2016/17 fund request was made on 10 May 2017 but the funds released on 22/02/2018. This is clear evidence that the failure is not on the NG-CDF Committee but the NG-CDF National board. Attached find copies of the fund requisition and the respective AIE for the auditor's review.

Committee Observation

1254. The Committee observed that this was due to delayed exchequer releases. The query was adequately addressed.

3.5.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1. Net Financial Position

1255. The statement of financial assets as at 30 June 2018 reflects net financial assets balance of Kshs.9,999,893. However, contrary to the guidelines issued by the public Sector Accounting Standards Board, the statement of financial assets shows net liabilities instead of the net financial position of Kshs.9,999,893.

Management Response

1256. The anomalies have since been corrected. Find the attached copy of the corrected financial statement for your review.

Committee Observation

1257. The Committee observed that the corrected financial statement was provided for audit verification. The query was adequately addressed.

2. Budget Absorption

1258. A review of summary statement of appropriation-recurrent and development combined revealed 62% and 55% overall budget realization/utilization on receipts and expenditure respectively during the year ended 30 June 2018 as follows:

Item	2017/2018 Budgeted Amount Kshs.	2017/2018 Actual Amount Kshs.	Difference Kshs.	Percentage of Budget Realization/ Utilization
Receipts	144,405,893	89,621,410	54,784,483	62%
Expenditure	144,405,893	79,621,517	64,784,376	55%

1259. The above analysis indicates that the Kirinyaga Central NG-CDF underspent the budgeted funds by Kshs. 64,784,376 Or 45% of the approved budget of Kshs.144,405,893. Although,

the CDF management attributed the under expenditure to delayed disbursement of funds by the NG-CDF Board, the low absorption impacted negatively on service delivery to the constituents.

Management Response

1260. The management provided that the reason for the budget underutilization is the delay in the disbursement of fund from the NG-CDF board into the NG-CDF constituency account. This can be analyzed as in the following table

FUND RELEASE FROM THE NG-CDF BOARD

Date A.I.E APPROVED	A.I.E NUMBER	AMOUNT
31/01/2018	A855873	5,500,000.00
22/02/2018	A892698	40,948,275.10
4/5/2018	A892955	37,905,172.00
20/08/2018	B005241	54,784,483.15

1261. From the above table it is clear that the release of the fund from NG-CDF board delayed resulting to constraint time for project implementation. Copies of A.I.E attached for your verification.

Committee Observation

1262. The Committee observed that copies of A.I.E were provided and verified by the auditor. The query was adequately addressed.

3.5.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/ 2019

1. Inaccuracies in the Cash and Cash Equivalent Balance

1263. The statement of assets and liabilities and Note 10A to the financial statements, reflect cash equivalents of Kshs.35,635,919. However, the bank reconciliation statement for the month of June ,2019 reflected a balance as per bank statement of Kshs.37,730,277 which differed with the balance of Kshs. 37,769,157 reflected in the certificate of bank balance by Kshs.38,880. Further, the bank reconciliation statement reflected Kshs. 11,000 and Kshs.28,600 being receipts in bank statement not recorded in the cash book and payments in bank statement not recorded in the cash book, respectively. No explanation was provided why the receipts and the payment had not been recorded in the cash book.

1264. In addition, the statement reflected Kshs.2,111,958 with respect to unpresented cheques out of which cheques totalling Kshs.2,036,173 were stale and had not been reversed in the cash book as at 30 June ,2019.

1265. In the circumstance, the accuracy of Kshs.35,635,919 in respect to cash and cash equivalents balance as at 30 June,2019 could not be confirmed.

Management Response

- 1266.** The management provided that Kshs 35,635,919 was the cashbook balance as at 30 June 2019 and not the bank balance as stated. The receipt in the bank of Kshs 11,000 (Kshs 7000- receipt from tender sale, Kshs 4000 refund of bursary funds from Karatina University) were debited in the cashbook on 1/6/2020 and 3/12/2019 respectively while the expenditure of Kshs 28,600 (Bank Charges) was credited in the cashbook on April 2020 together with other charges total amounting to Kshs 85,594 hence affecting the cashbook balance accordingly. This adjustment is shown in the cashbook and bank reconciliation statement. The said documents are attached for the auditor's review.
- 1267.** Of the stated unrepresented cheques amounting to Kshs 2,111,958, the cheques amounting to Kshs 48,000 were actually unrepresented the rest amounting to Kshs 2,063,958 had already cleared with the banks or replaced by 31 December 2019 as per the following table and the attached cashbook pages and bank statements.

DATE	Chq No.	PAYEE	AMOUNT	Date Cleared by the bank	Date Replaced
12.1.17	009150	Success Pro Institute	3,000.00	19-4-2017	
12.2.17	008983	Mucagara Sec	2,000.00	5-5-2017	
12.5.17	009199	Mukangu Sec.	3,000.00		20-3-2019
25.7.18	010589	Kenya Highway	4,000.00	24-12-2018	
25.7.18	011061	Kanyuambora H. School	4,000.00	4-12-2018	
25.7.18	011186	KMTC Loitokitok	4,000.00		1-6-2020
25.7.18	010819	Kiarithaini Boys	14,000.00		
25.7.18	010822	Mahamaini Institute	4,000.00	19-9-2018	
25.7.18	010837	Kirogo Secondary	4,000.00		1-6-2020
25.7.18	011333	Kiruhi Secondary	4,000.00	28-9-2018	
25.7.18	011329	Eldoret University	4,000.00		

25.7.18	011328	Mountain Top Institute	8,000.00	21-9-2018	
25.7.18	011290	Narumoru Girls School	4,000.00		1-6-2020
25.7.18	011308	Njonjo Sec. School	4,000.00		1-6-2020
25.7.18	011311	Nkubu Boys	4,000.00		1-6-2020
25.7.18	011312	Nkuene Girls	4,000.00		1-6-2020
25.7.18	010925	Riara University	4,000.00		1-6-2020
25.7.18	010953	South Tetu Girls	4,000.00		1-6-2020
13.8.18	011102	Makuyu Boys	4,000.00		1-6-2020
13.8.18	011103	Tigithi Sec. School	6,000.00		
28.8.18	011153	Tumutumu School for Deaf	4,000.00	26-9-2018	
28.8.18	011724	Ciagini Sec	2,000.00		25-9-2019
28.8.18	012083	Njonjo Girls	4,000.00	9-7-2019	
28.8.18	012091	Njega Mixed	4,000.00	15-3-2019	
28.8.18	012105	Pangani Girls	4,000.00		29-9-2019
28.8.18	012115	Presbyterian Institute	4,000.00		29-9-2019
28.8.18	012122	Rukira Day	2,000.00	2-4-2019	
28.8.18	012120	Rural Aid Kenya	4,000.00		1-6-2020
28.8.18	012126	Rwika Tech	8,000.00		1-6-2020
28.8.18	012132	Salvation army Gategi	4,000.00		25-9-2019

28.8.18	012141	Sister Irene Sec	2,000.00		25-9-2019
28.8.18	012161	St Francis H. School	4,000.00		
28.8.18	012174	St. Linda Sec Sch	4,000.00		25-9-2019
28.8.18	012200	Moi Equator	12,000.00	23-4-2019	
28.8.18	012254	Thika High Sch.	4,000.00	31-5-2019	
28.8.18	012249	Makuyu Boys	4,000.00		25-9-2019
21.3.19	012308	Pada Security VAT	983.00		
21.3.19	012331	Martha Mukundi	1,000.00		16-4-2019
17.4.19	012446	VAT	1,345.00		1-11-2019
17.4.19	012460	VAT	567,545.00		1-11-2019
17.4.19	012461	domestic tax	283,773.00		1-11-2019
17.4.19	012463	Aria construction	1,012,120.80		22-8-2019
28.4.19	012466	VAT	983.00		1-11-2019
24.5.19	12490	VAT	983.00	21/11/2019	
24.5.19	12491	Kiriwasco	1,470.00	11/6/2019	
30.6.19	12542	VAT	8,566.00	23-11-2019	
30.6.19	12564	NHIF	3,900.00	2/7/2019	
30.6.19	12565	NSSF	10,584.00	5/7/2019	
30.6.19	12566	Com of domestic tax	7,228.00	2/7/2019	
30.6.19	12567	VAT	6,090.00	4/12/2019	

30.6.19	12568	Martin Mutugi	26,552.00	3/7/2019	
30.6.19	12569	VAT	1,448.00	21/11/2019	
30.6.19	12570	Pada Security	18,017.00	16/7/2019	
30.6.19	12571	VAT	983.00	23/11/2019	
Total			2,111,957.80		

Committee Observation

1268. The Committee observed that the adjusted Financial statements, cashbook extract and bank statements were availed for audit verification. The query was adequately addressed.

2. Prior Year Adjustments

1269. The statement of assets and liabilities reflects prior year adjustments of Kshs.636,164 which was disclosed at Note 14 to the financial statements, comprised Kshs.635,944 and Kshs.220 in respect to reversed cheques and understated cash book respectively. However, paragraph 47(a) of IPSAS 3-Accounting Policies, changes in Accounting Estimates and Errors provides that an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery, by restating the comparative amounts for prior period presented in which the error occurred.

1270. In the circumstances, the accuracy of the Kshs.636,164 in respect to prior year adjustments could not be confirmed.

Management Response

1271. The said figure of Kshs.636,164 comprised of the following as stated in the financial statement:

Reversed Bursary Cheques Kshs.555,200 and replaced on 15th July 2019.

Reversed V.A.T Cheques Kshs.80744

Cashbook Undercast Kshs.220

1272. This was clearly explained in the respective year of financial statement. Find attached copy of the financial statement for the auditors' review.

Committee Observation

1273. The Committee observed that the financial statements were provided for audit verification. The query was adequately addressed.

Other Matter

3. Budgetary Control and Performance

- 1274.** The summary statement of appropriation –recurrent and development combined reflects Kshs.173,825,252 and Kshs.136,325,497 being budgeted payments and actual payments respectively, resulting to under-expenditure of Kshs.37,499,755 or 22% of budgeted expenditure.
- 1275.** The under- spending indicates that some of the planned activities and projects were not implemented thus compromising service delivery to the residents of Kirinyaga Central Constituency.

Management Response

- 1276.** The management provided that the budget underutilization was due to the delay in the disbursement of fund from the NG-CDF board into the NG-CDF constituency account. This can be analyzed as in the following table:

FUND RELEASE FROM THE NG-CDF BOARD

Date AIE APPROVED	AIE NUMBER	AMOUNT
3/01/2019	B030146	10,000,000
20/2/2019	B006396	8,000,000
22/2/2019	B030450	12,000,000
29/03/2019	B699137	11,000,000
10/5/2019	B042916	13,000,000
7/06/2019	B047561	52,540.875.52
10/09/2019	B047232	2,500,000
TOTAL		109,040,875.52

- 1277.** From the above table it is clear that the release of the fund from the exchequer delayed, with clear proof that no disbursement done within the first half of the financial year, resulting to constraint time for project implementation.

Committee Observation

- 1278.** The Committee observed that underutilization was due to delays in the disbursement of funds from the exchequer. The query was adequately addressed.

4. Delayed Implementation of Projects

1279. The status report on projects implementation as at 30 June, 2019 provided for audit, indicated that fifty-six (56) projects with a combined budget Kshs.150,525,611 were budgeted to be implemented during a financial year 2018/2019. However, eight (8) projects with a combined budget of Kshs. 81,072,065 were still ongoing while (7) projects budgeted to cost Kshs.7,598,916 had not been started at the end of the financial year.

1280. In view of the foregoing, the Fund Management should review project management and supervision measure in place to ensure timely implementation of projects for efficient service on delivery to the residents of Kirinyaga Central Constituency.

Management Response

1281. Although the auditors had indicated that there were eight (8) projects with a combined budget of Kshs. 81,072,065 that were ongoing, this was not the status on the ground since there were eleven (11) on-going projects with combined budget of Kshs.74,685,390 which included the following:

	Project Name	Amount Allocated (Kshs)	Project Status
1	Kiamaina Primary School facelift: Replacing of worn out, windows, doors flooring and painting of thirteen (13) classrooms, school staffroom and office.	2,300,000	Project complete and in use. Find attached practical completion certificate (Appendix 25a)
2.	Kirimunge Secondary School- Construction of the school storey science laboratory (Wailing the first floor of the science storey laboratory, roofing, plastering, both ground and first floor, painting both laboratories, electrical, plumbing and gas works and finishes.)	9,174,000	Project complete and in use. Find attached practical completion certificate (Appendix 25b)
3.	Kamuiru Primary School facelifting: Replacing of worn-out school hall flooring, school hall worn-out school hall doors and windows, and painting of twenty five (25) classrooms.	3,125,000	Project complete and in use. Find attached practical completion certificate (Appendix 25c)

4.	Thaita Primary School facelift: Replacing of worn-out roof, windows, doors, flooring and painting of eighteen (18) classrooms, school hall and the school two offices	2,350,000	Project complete and in use. Find attached practical completion certificate (Appendix 25d)
5.	Mutitu Secondary School: Completion of the school storey science lab first floor: electrical installation, plumbing works and gas system, plastering, fixing of benches and painting	2,860,000	Project complete and in use. Find attached practical completion certificate (Appendix 25e)
6.	Kirigo Primary School facelift: Replacing of worn-out roof, windows, doors, flooring and painting of fourteen (14) classrooms	3,125,000	Project complete and in use. Find attached practical completion certificate (Appendix 25f)
7.	Kirimunge Secondary School- Construction of school science Laboratory. Equipping the school borehole (installation of two stands, water tanks and solar system)	7,874,390	Project complete and in use. Find attached practical completion certificate (Appendix 25g)
8.	Gathuthuma Secondary School- Construction of school storey science laboratory	7,969,000	Project complete and in use. Find attached practical completion certificate (Appendix 25h)
9.	Kiamutuirea Secondary School- Construction of the school twin classrooms above the school science laboratory	2,108,000	Project complete and in use. Find attached practical completion certificate (Appendix 25i)
10.	Kerugoya chief's office – Construction to completion of administration block comprising of three offices	1,800,000	Project complete and in use. Find attached practical completion certificate (Appendix 25j)

11	Completion of Kirinyaga Central NG-CDF storeyed office (first floor walling, roofing, electrical installation, plumbing works, internal plastering fixing of doors and windows.)	32,000,000	Project complete and in use. Find attached practical completion certificate (Appendix25k)
		74,685,390	

Committee Observation

1282. The Committee observed that all the projects were completed and in use. The query was adequately addressed.

3.5.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1. Un-Utilized Funds

1283. The financial statements reflect a comparative balance of Kshs.37,499,754 with respect to unutilized funds. However, the summary statement of appropriation – recurrent and development combined reflects budgetary adjustment of Kshs.38,142,919 representing the unutilized funds in the previous year resulting into an unreconciled and unexplained variance of Kshs. 643,165.

1284. In the circumstances, the accuracy of the budgetary of Kshs.38,142,919 could not be confirmed.

Management Response

1285. The management restated the financial statement. The said figure of Kshs 636,164 comprised of the following as stated in the financial statement.

Reversed Bursary Cheques Kshs.555,200 and replaced on 15th July 2019.

Reversed V.A.T Cheques Kshs.80744

Cashbook Undercast Kshs.220

Committee Observation

1286. The Committee observed that the financial statements were restated. The query was adequately addressed.

2. Cash and Cash Equivalents –Stale Cheques

1287. The statement of assets and liabilities and Note 10A to the financial statements reflect cash and cash equivalents balance of Kshs.3,206,133 as at 30 June ,2020. However, the bank

reconciliation statement for the month of June,2020 reflected unpresented cheques of Kshs.502,446 of which cheques for Kshs.6,976 were already stale.

1288. In the circumstances, the accuracy of the reported cash and cash equivalents balance of Kshs.3,206,133 as at 30 June 2020, could not be confirmed.

1289. The bank reconciliation statement prepared by sub-county treasury had error where Kshs 62,000 worth of cheques was indicated as unpresented cheques. On correction of the error the corrected figure of un-presented cheques was Kshs 440,446 which included the following cheques.

Date	No.	Payee	Amount	Date Cleared	Date Replaced
31/07/2019		Suspense Balance	-24.00		
24/01/2020	13693	Aguthi Secondary School	4,000.00		29/10/2020
24/01/2020	13698	St Angelic Girls Sec School	4,000.00		29/10/2020
24/01/2020	13700	Athi Secondary School	2,000.00		29/10/2020
24/01/2020	13711	Bomet University Colllege	4,000.00		29/10/2020
24/01/2020	13722	Senior Chief Koinange	4,000.00		29/10/2020
24/01/2020	13729	Chuka Technical Vocational College	4,000.00		29/10/2020
24/01/2020	13739	Community Health Nurses Training College	4,000.00		29/10/2020
24/01/2020	13749	Daystar University	4,000.00		
24/01/2020	13760	Garissa University	8,000.00		29/10/2020
24/01/2020	13765	Gathumbi Sec School	4,000.00		29/10/2020
24/01/2020	13768	Gatundu Girls Sec School	8,000.00		29/10/2020
24/01/2020	13775	Giakanja Boys Sec School	4,000.00		29/10/2020
24/01/2020	13788	Hiriga Girls Secondary School	4,000.00		29/10/2020
24/01/2020	13794	Ikuu Girls High School	4,000.00		29/10/2020
24/01/2020	13812	Kagondo Secondary School	4,000.00		29/10/2020
24/01/2020	13821	Kaimosi Friends University College	4,000.00		29/10/2020
24/01/2020	13822	Kairini Secondary School	2,000.00		29/10/2020
24/01/2020	13855	Karima Boys High School	8,000.00		29/10/2020
24/01/2020	13859	Karumo Technical Training Institute	4,000.00		29/10/2020
24/01/2020	13863	Keiway Mining Technology College	4,000.00		29/10/2020

24/01/2020	13865	Kenya Coast National Polytechnic	4,000.00		29/10/2020
24/01/2020	13883	Kenya Medical Training College Bomet	4,000.00		29/10/2020
24/01/2020	13884	Kenya Medical Training College -Kakamega	4,000.00		29/10/2020
24/01/2020	13887	Subuku Secondary School	4,000.00	03/07/2020	
24/01/2020	13892	Kenya Society for The Blind	3,000.00		29/10/2020
24/01/2020	13894	Kenya Water Institute Chiakariga	4,000.00		29/10/2020
24/01/2020	13905	Kevote Rehabilitation Home	2,000.00		29/10/2020
24/01/2020	13907	Kiabwe Vocational Training Institute	2,000.00		29/10/2020
24/01/2020	13974	Lugulu Girls High School	4,000.00		29/10/2020
24/01/2020	13978	Mabavuni Secondary School	4,000.00		29/10/2020
24/01/2020	13992	Mary Immaculate Girls Secondary School	4,000.00		29/10/2020
24/01/2020	13998	Kenya Institute Of Management Thika	5,000.00		29/10/2020
24/01/2020	14009	Mitunguu Technical Training Institute	4,000.00		29/10/2020
24/01/2020	14011	Moi Girls High School Isinya	4,000.00		29/10/2020
24/01/2020	14024	Mt Kinangop Girls High School	4,000.00		29/10/2020
24/01/2020	14027	Oololaiser High School	6,000.00		29/10/2020
24/01/2020	14064	Ngararia Girls High School	4,000.00		29/10/2020
24/01/2020	14072	Nguvu Boys High School	26,000.00		29/10/2020
24/01/2020	14106	Presbyterian University Of Eastern Africa-Rubate	12,000.00	03/07/2020	
24/01/2020	14129	Simita Girls High School	4,000.00		29/10/2020
24/01/2020	14151	St John Tala High School	4,000.00		29/10/2020
24/01/2020	14157	St Kizito Vocational Training Institute	6,000.00		29/10/2020
24/01/2020	14181	St Stephano Girls Secondary School	4,000.00		29/10/2020

24/01/2020	14182	St Teresa Gatura Girls Secondary School	4,000.00		29/10/2020
24/01/2020	14225	Mukurweini Technical Training Institute	4,000.00		29/10/2020
02/06/2020	14335	Kmtc Chuka	4,000.00		29/10/2020
02/06/2020	14346	Kamwenja Teachers College	4,000.00		29/10/2020
02/06/2020	14348	St Stephen Kavutiri Sec	4,000.00		29/10/2020
20/2/2020	14387	Naromoru Girls Sec	4,000.00		29/10/2020
20/2/2020	14393	Makwa Sec School	4,000.00	16/07/2020	
20/2/2020	14394	St Joseph M'tetu Sec School	4,000.00		29/10/2020
20/2/2020	14397	Mutige Boys High School	4,000.00		29/10/2020
20/2/2020	14398	Kmtc Kilifi	4,000.00		29/10/2020
20/2/2020	14400	Kmtc Loitoktok	4,000.00		29/10/2020
03/12/2020	14436	Kiriwasco	1,470.00		29/10/2020
“	14468	Karangare Sec School	10,000.00		29/10/2020
“	14469	Njega Boys Sec School	4,000.00	14/07/2020	
24/6/2020	14569	Kiine Girls Secondary School	5,000.00	05/08/2020	
24/6/2020	14570	Gatwe Mixedsecondary School	2,000.00	05/08/2020	
24/6/2020	14571	Kirima Boys Secondary School	4,000.00	29/10/2020	
24/6/2020	14572	Mount Kenya University	5,000.00		25/3/2021
24/6/2020	14573	Kirimunge Mixed Day School	4,000.00	03/07/2020	
24/6/2020	14574	Chuka University	8,000.00	18/11/2020	
24/6/2020	14575	Moi University	5,000.00	05/10/2020	
24/6/2020	14576	County College Of Business Studies	5,000.00	02/07/2020	
24/6/2020	14577	Mount Kenya University	5,000.00	28/9/2020	
24/6/2020	14578	Kerugoya Girls High School	5,000.00	09/09/2020	
24/6/2020	14579	Kiburu Boys Secondary School	4,000.00	28/08/2020	
24/6/2020	14580	Kiamugumo Girls	4,000.00	23/10/2020	
24/6/2020	14581	Kihbt	5,000.00	13/10/2020	

24/6/2020	14582	Kangaru School	5,000.00		25/3/2021
24/6/2020	14583	Njega Boys Sec School	4,000.00	27/07/2020	
24/6/2020	14584	Kiaragan Girls	4,000.00		25/03/2021
24/6/2020	14585	St Jame Kiaritha	2,000.00	13/07/2020	
24/6/2020	14586	Moi University	10,000.00	21/08/2020	
24/6/2020	14587	Karaini Secondary	6,000.00	20/07/2020	
24/6/2020	14588	Kibirigwi Girls	4,000.00	24/12/2020	
24/6/2020	14589	Kyeni Girls High School	8,000.00	22/10/2020	
24/6/2020	14590	Testimony Upper Shool	15,000.00	9/11/2020	
24/6/2020	14591	Karatina University	5,000.00	14/07/2020	
24/6/2020	14592	Magutu Girls	4,000.00	06/07/2020	
24/6/2020	14593	Meru University	5,000.00	27/11/2020	
24/6/2020	14594	Nairobi Technical	5,000.00	20/08/2020	
24/6/2020	14595	Muranga University	6,000.00	20/08/2020	
24/6/2020	14596	Kemu	5,000.00		25/3/2021
24/6/2020	14597	Mathenge Technical	5,000.00	02/12/2020	
24/6/2020	14598	Kiamutuirasecondary	3,000.00	14/12/2020	
24/6/2020	14599	St Mary Kagio	4,000.00	13/07/2020	
24/6/2020	14601	Multimedia University	5,000.00	17/11/2020	
24/6/2020	14602	Kmtc Mombasa	5,000.00	19/11/2020	
		Total	440,446.00		

1290. These cheques were cleared in the bank or replaced as per the stated dates.

Committee Observation

1291. The Committee observed that bank statements and cashbook extract were availed for audit verification. The query was adequately addressed.

Other Matter

3. Budgetary Control and Performance

1292. The summary statement of appropriation –recurrent and development combined reflects a final receipts budget and actual receipts on comparable basis of Kshs. 175,516,643 and Kshs.106,135,919 respectively, resulting into an under-funding of Kshs.69,380,724 or 40% of the budget. Similarly, the Fund expended Kshs.175,516,643 against an approved budget of Kshs.102,936,786 resulting to an under expenditure of Kshs.72,579,857 or 41% of the budget.

Management Response

1293. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the constituents of Kirinyaga Central. The reason

for the budget underutilization is the delay in the disbursement of fund from the NG-CDF board into the NG-CDF constituency account. This can be analyzed as in the following table:

Fund Release from The Ng-CDF Board

Date AIE Approved	AIE Number	Amount
20/12/2019	B041482	20,000,000
20/01/2020	B047477	4,000,000
12/02/2020	B047931	8,000,000
05/03/2020	B049324	20,000,000
02/04/2020	B104348	16,000,000
22/07/2020	B096964	15,000,000
02/09/2020	B104620	20,000,000
23/09/2020	B823546	34,367,724.

1294. From the above table it is clear that the release of the fund from NG-CDF board delayed resulting to constraint time for project implementation. Copies of A.I.E attached for your verification.

Committee Observation

1295. The Committee observed that this was due to delays in the disbursement of funds from the exchequer. AIEs copies were availed for audit verification. The query was adequately addressed.

4. Delayed Completion of Projects

1296. The project implementation status report as at 30 June,2020 provided for audit, indicated that thirty-eight (38) projects with a combined budget of Kshs.187,318,873 were budgeted to be implemented during the year under review. However, eighteen (18) projects with a combined budget of Kshs.52,809,724 were still on going at the end of financial year.

1297. Delayed completion of projects denied the residents of Kirinyaga Central Constituency the benefits that would have accrued from the projects and might also lead to cost escalations.

Management Response

1298. The eighteen (18) projects with a combined budget of Kshs.52,809,724 which were still on going at the end of financial year included the following:

Department	Budget (Kshs.)	Disbursement (Kshs.)	No. of Projects	Management Response on current Status
Administration Recurrent Expenditure	8,211,483	8,211,483	6	Administration is a continuous exercise with no

				defined completion period, Continuous
Emergency	7,198,241	7,198,241	1	There was no emergency occurrences within the year and the allocated funds were re-allocated to other projects at the end of the financial year. Find the re-allocation approval letter (Appendix 29)
Monitoring Evaluation Capacity Building	3,300,000	3,300,000	3	Monitoring, evaluation and capacity building is a continuous exercise with no defined completion period.- Continuous
Tertiary Institution	20,000,000	18,000,000	2	The balance of Kshs 2,000,000 meant for Kirinyaga Central technical and vocational college was released to the institution through its mentor institution (Nyeri National Polytechnic). Find attached copies of disbursement documents. (Appendix 6) The Kshs 10,000,000 meant for Kirinyaga Central Medical training college was re-allocated to other projects. Find attached re-allocation documents (Appendix 30)
Environment	1,700,000	1,700,000	1	The project is already complete and in use. Find the attached project completion certificate and photos for your review. (Appendix 31)

Primary Schools	9,000,000	6,000,00	3	The three primary schools (Mutira, Kiranja and Kirima) were allocated more funds in financial year 2020/2021 and are already complete. Find a copies of the projects' completion certificate for your review (Appendix 32)
Security Project	650,000	650,000	1	The funds allocated to this project (Kaitheri assistant chief's office) was enough to complete it. The project is already complete. Find attached copy of completion certificate for your review (Appendix 33)
NGCDF Office (public toilet)	2,750,000	2,100,000	1	Construction of a public Toilet at the NG-CDF Office and not purchase of furniture. Some more funds were allocated to the project through a re-allocation of Fund and the project is now complete. Find fund re-allocation documents and project completion certificate your review.
Sub Total	52,809,724	47,159,724	18	

Committee Observation

1299. The Committee observed that the projects were completed and in use. The query was adequately addressed.

5. Transfers to Other Government Entities

5.1 Transfers to Primary Schools

1300. The financial statements reflected transfers of Kshs.43,350,000 to other government entities, which included transfers of Kshs.29,400,000 to primary schools. The following observations were made regarding the transfers.

i. Kamuiru Primary School

1301. An amount of Kshs.4,250,000 was transferred to Kamuiru Primary School for renovation and repair of classrooms of which Kshs.140,000 was meant for drainage work on five (5) classrooms. However, audit inspection in December 2020 revealed that the drainage works for three (3) classrooms had not been done. In addition, the renovated classrooms had cracks, indicating poor workmanship.

Management Response

1302. The drainage works of 140 linear meters was constructed as required in the project bills of quantity at a cost of Kshs.140, 000 and the few cracked floors repaired. Find the attached certificate of making good defects as proof that the noted defects were corrected before release of retention funds.

Committee Observation

1303. The Committee observed that the projects were completed and in use. Photos and completion certificates were availed and verified. The query was adequately addressed.

ii. Kiaga Primary School

1304. Kshs.2,520,000 was transferred to Kiaga Primary School for the completion of the school facelift of which Kshs.86,400 was for a standard special purpose welded mild steel door complete with hinges, stays, fasteners, 75mm high permanent vent mosquito gauze and steel metal hood as provided for in the bill of quantities. However, audit inspection in December, 2020 revealed that the stays, fasteners and 75mm high permanent vent mosquito gauze had not been done. In addition, 50pcs, 100mm long tower bolts to be fixed on classroom doors at a cost of Kshs, 12,320 as provided for in the bill of quantities had not been fixed at the time of audit inspection in December, 2020.

1305. In the circumstances, value for money for the amounts transferred for the projects in the two (2) primary schools could not be confirmed.

Committee Observation

1306. The Committee observed that the projects were completed and in use. Photos and completion certificates were availed for audit verification. The query was adequately addressed.

5.2 Transfers to Secondary Schools

1307. The financial statements reflected Kshs.43,350,000 with respect to transfers to other government entities, of which Kshs.5,950,000 was transferred to secondary schools. The following observations were made regarding the transfers.

i. Gathuthuma Secondary School

1308. An amount of Kshs.5,250,000 was transferred to Gathuthuma Secondary School for the construction of a laboratory. However, audit inspection in December 2020 revealed that the roof was leaking and the chip board had been spoilt by rainwater.

1309. In addition, the laboratory benches supplied were not firmly fixed, indicating poor workmanship.

Management Response

1310. During the time of the audit, the project was on-going and therefore, some construction errors were likely to be noted. These errors have since been corrected and the project is complete and in use. Attached, find the project completion certificate for your review.

Committee Observation

1311. The Committee observed that the projects were completed and in use. Photos and completion certificates were availed and verified. The query was adequately addressed.

ii. Kirimunge Secondary School

1312. An amount of Kshs.700,000 was transferred to Kirimunge Secondary School for the construction of a storey science laboratory. However, audit inspection of the project in December ,2020 revealed that works valued at Kshs.34,500 in the bill of quantities were not done as detailed below;

NO.	Details as Per Bill of Quantities	Amount (Kshs.)
1	Mosquito wire gauze on all windows	8,500
2	140mm half round gutter	12,000
3	140mm diameter approved plastic brackets	1,500
4	Fixing of closed ends to gutters	1,000
5	100mm diameter down pipe with brackets to wall	9,600
6	100mm diameter spigot outlet	1,600
7	Swan neck&rainwater shoe	300
	Total	34,500

Management Response

1313. By the time of auditors visit to the project the project was still on-going and the water goods and Mosquito wire gauze on all windows had not been installed at the time, but they have since been installed. Currently the status of the above is as follows. During project implementation tower bolts were replaced with fasters which were of equivalent value, this

replacement was fully approved by the project management before instruction were issued by the technical team. Find the attached photos showing the installed water goods and project practical completion certificate for your review.

Committee Observation

1314. The Committee observed that the projects were completed and in use. Photos and completion certificates were availed for audit verification. The query was adequately addressed.

6. Irregular Payment of Sitting Allowances

1315. Note 5 to the financial statements reflects Kshs.8,122,295 for use of goods and services which includes Kshs.4,257,000 concerning Committee allowances of which sitting allowances amounting to Kshs.92,000 were paid to five (5) individuals who were not members of the National Government Constituencies Development Fund Committee and whose role in the monitoring and evaluation process was not explained during the audit.

1316. It could therefore not be confirmed that the expenditure was incurred in a way that is lawful and authorized; effective, efficient, economical and transparent as required under section 68 (1) of the public Finance Management Act, 2012.

Management Response

1317. The management provided that the expenditure incurred above was divided into two:

- NG-CDF selection panel Committee allowances Kshs.60,000

- NG-CDF clerk of works lunch allowances during project monitoring and evaluation at Kshs.1000 per day total Kshs.32,000 for thirty-two project visits conducted. This allowance was based on the NG-CDF Committee approval through a minuted resolution dated 23 July 2019 Copy of the minutes attached for the auditors to review.

1318. The NG-CDF selection panel Committee was to be remunerated at the same rate as NG-CDF Committee at Kshs.5,000 per sitting per member and this Committee held a total of three meetings during recruitment of the current NG-CDF Committee team resulting to each member getting Kshs.15,000 and since they were four members (Cecilia W. Murithii, Charity K Gatobu, Samuel Mwangi Kondo and Kenneth Kariuki) resulted to a total of Kshs.60,000. Therefore, this payment is also anchored in the circular on the NG-CDF Committee remuneration hence lawful and regular (Ministry responsible for Economic Planning vide Circular Ref.No. MPND/15/CONT/13/3/PART "G" dated 23rd September 2011 approved the current rate of sitting allowance payable to ordinary members of NG-CDFC at Kshs.5,000 and the chairman Kshs.7,000 per sitting or when on official duties).

Committee Observation

1319. The Committee observed that the extract by the NG-CDF Board from the remuneration circular for the NG-CDF Committee board co-opted member and NG-

CDF Board circular dated November 29, 2019 were availed for audit verification. The query was adequately addressed.

3.5.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1. Transfers to Other Government Units

1320. The statement of receipts and payments reflects transfers to other government units balance of Kshs.94,886,015 and as disclosed in Note 6 to the financial statements. However, the amount includes provisions for contingencies of Kshs.2,240,000 and projects supervision of Kshs.1,420,000 for which expenditure returns, attendance register, PMC Minutes and detailed signed payment schedules were not provided for audit verification. This was contrary to Regulation 99 (3) of the public finance management (National Governments) Regulations, 2015 which requires every entry in the accounts to be supported by a voucher or other approved documents containing the full details, clear narrations and particulars of the item or items to which it relates.

1321. In the circumstances, the accuracy and completeness of the reported amount of Kshs.94,886,015 on transfers to other government units could not be confirmed.

Management Response

1322. The Ministry of Infrastructure and Public Works payment certificates supports the following expenditures since in the certificate supervision is indicated as a payment item while contingencies are shown in the re-measured works where percentages of executed works have a percentage more than 100% while in other certificates expenditure of contingency is captured as extra works. This shows that the executed re-measured works are more than what is give in the project bills of quantity.

Unsupported Expenditure on Projects					
Project Name	Code	Total Amount Disbursed	Status	Provision for contingencies	Provision for Project Supervision
Gathuthuma Primary School	4-020-103-2630204-104-2020-2021-005	6,003,870	completed	200,000	100,000
Gathuthuma Secondary School	4-020-103-2630204-104-2019/20-013	8,380,000	completed	100,000	100,000
Gitwe Mixed Day	4-0020-103-	8,000,000	completed	100,000	100,000

Secondary School	2630205-104-2020-2021-002				
Kaitheri Primary School	4-020-103-2630204-104-2020/21-012	5,842,650	completed	100,000	100,000
Kiamutaira Primary School	4-020-103-2630204-104-2020/21-017	3,643,720	Completed	200,000	70,000
Kiangungu Primary School	4-020-103-2630204-104-2019/20-002	4,789,240	completed	160,000.00	100,000
Kiaritha Primary School	4-020-103-2630204-104-2019/20-003	6,880,140	completed	100,000	100,000
Kiarugu Primary School	4-020-103-2640510-110-2019/20-001	6,120,275	completed	200,000	100,000
Kiranja Primary School	4-020-103-2630204-104-2019/20-007	6,848,540	completed	100,000.00	100,000.
Kirima Primary School	4-020-103-2630204-104-2019/20-006	6,664,980		80,000	50,000
Kirinyaga Central TTI	4-020-103-2630206-	10,000,000	completed	-	-

	104- 2019/20- 001				
Mugwandi Primary School	4-020-103- 2630204- 104- 2019/20- 004	6,880,170	completed	200,000	100,000
Mutira Primary School	4-020-103- 2630204- 104- 2019/20- 008	6,929,990	completed	100,000	100,000
Mutuma Primary School	4-020-103- 2630204- 104-2020- 2021-001	5,940,120	completed	200,000	100,000
St Joseph Primary School	4-020-103- 2630204- 104-2020- 2021-003	8,529,520	completed	200,000	100,000
Waigiri Primary School	4-020-103- 2630204- 104-2020- 2021-004	9,632,800	completed	200,000	100,000
Totals				2,240,000	1,420,000
Grand Totals					3,660,000

1323. The management further provided copies of payment certificates and final works valuation certificate highlighting both contingency, supervision fund and also professionals allowance payment schedules for review.

Committee Observation

1324. The Committee observed that the professionals' allowance payment schedules were not individually signed. Copies of payment certificates and valuation certificates were provided for audit verification. The query was adequately addressed.

2. Inaccuracies in the Summary Statement of Appropriation

1325. The summary statement of appropriation reflects transfer from NG-CDF Board final budget amount of Kshs.206,456,603, which differs with the computed amount of Kshs.209,662,736, resulting in a variance of Kshs.3,206,133, which has not been explained or reconciled. In these circumstances, the accuracy of the summary statement of appropriation could not be confirmed.

Management Response

1326. Kshs.3,206,133 was un-utilized funds from previous year which forms part of the opening balance for the year under audit. The auditor understated the opening balance as part of funds available for utilization.

Committee Observation

1327. The Committee observed that the cash book extract was availed for audit review. The query was adequately addressed.

Other Matter

3. Budgetary Control and Performance

1328. The summary statement of appropriation reflects budgeted receipts of Kshs.210, 088,736 actual receipts of Kshs.161,793, 724, resulting to underfunding of Kshs.45, 088,879 or 23% of budget. Similarly, the total payments budget amounted to Kshs.210, 088,737 against actual payments of Kshs.162, 102, 453, resulting to under absorption of Kshs.47, 986,284 or 23% of budget. The underfunding and under expenditure constrained the execution of planned activities and delivery of services to the residents of Kirinyaga Central Constituency.

Management Response

1329. At the end of financial year, the management had not been able to spend all the available funds for the year totaling Kshs 209,662,736 of this budget the management actually spent Kshs.162,102,453 leaving a balance of Kshs.47,560,283 since Kshs 426,000 is not an expenditure but receipt from partial office rent and sale of tender where this amount is pending NG-CDF board expenditure approval and issuing of AIE so that it can be spent. The management was following-up on the release of the balance totaling Kshs.45,088,879 by the NG-CDF board, as at the close of the financial year balance of Kshs.47,986,284 included Kshs.2,898,850, which was the cashbook balance as at the close of the financial year. Part of Kshs.45,088,879 stated above totaling Kshs.33,000,000 has already been disbursed by the NG-CDF board and the funds utilized as follows:

Office Administration	Kshs.2,428,907.76
Monitoring and Evaluation	Kshs.2,127,364.65
St Joseph Secondary School	Kshs.4,100,000.00
Education Bursaries	Kshs.20,000,000.00
Sports.....	Kshs.2,740,400.00
Emergency.....	Kshs.1,603,327.59

1330. The balance of Kshs 12,088,879 meant for the following projects
- | | |
|--|----------------|
| Mikinduri Primary School water project | Kshs.2,000,000 |
| Primary school lockers and chairs | Kshs.4,500,000 |
| Emergency fund | Kshs.5,588,879 |

1331. And the Kirinyaga Central NG-CDF management is still following for its release so that the projects can be implemented.

Committee Observation

1332. The Committee observed that this was due to delays in exchequer releases. The query was adequately addressed.

4. Project Implementation Status

1333. The management did not provide the latest approved project implementation status report. However, review of the budget performance in the chairperson's report indicates that thirty-three (33) projects with estimated total cost of Kshs.56,050,811 were being implemented in the year under review. However, included in these projects are education bursaries, youth and sports and secondary schools projects whose funds utilization were below 50% of the estimated cost.

Management Response

1334. The funds meant for Mukinduri Primary school water project Kshs 2,000,000 had the activity change to construction of eight (8) units' pupils' septic ablution block. The construction of this toilet is in progress.

The funds meant for the financing of the supply of school lockers and chairs has been released to the respective schools and the lockers supplied as follows:

1335. However, St. Joseph Secondary School science laboratory Kshs 4,100,000 is already complete. Kshs 20,000,000 meant for the bursaries were re-allocated to other projects. Find attached St Joseph Secondary School projects completion certificate and photos showing completed projects, bursary re-allocation letter and documents supporting implementation of sports fund for your review.

Committee Observation

1336. The Committee observed that the projects were complete and in use. Photos and completion certificates and reallocation approvals were provided for audit review. The query was adequately addressed.

5. Internal Controls

5.1 Lack of Constituency Oversight Committee

1337. During the year under ended 30 June 2021, the fund had no constituency oversight Committee in place, which would convene public forums for purposes of mobilizing and sensitizing the public on matters related to the fund. This was contrary to section 53 (1) of the National Government Constituencies Development Fund Act, 2015 which requires a Constituency Oversight Committee to be appointed for every National Government Constituency Development Fund. In the circumstance, management was breach of the law.

Management Response

1338. The names of the four members of oversight Committees were forwarded by the Hon. Member of Parliament to fund, account manager on 9th April 2021, the lack of enough budget allocation is what is hindering their operations. In this respect the oversight Committee was in place since it has been appointed by the Hon Member of Parliament who is the appointing authority. Attached find the Committee appointments letter from the then hon member of parliament for Kirinyaga Central for your review.

Committee Observation

1339. The Committee observed that the Committee has since been appointed. The query was adequately addressed.

6. Other Grants and Transfers

6.1 Mutitu Assistant County Commissioner's Office

1340. The amount includes implementation of security projects costing Kshs.9, 680,881 out of which, Kshs.4, 000,000 was incurred on construction to completion of seven (7) rooms and three (3) washrooms at Mutitu Assistant Commissioner's office. However, audit inspection on April, 2022 revealed that the project was complete but not in use.

Management Response

1341. The project was completed and handed over to the ministry of interior and coordination for use by assistant county commissioner and is currently in use. Find the attached photo showing that the office is in use and also the handing over report dated 22/2/2022.

Committee Observation

1342. The Committee observed that the project was completed and handed over to the Ministry of Interior and Coordination. Photos and completion certificates were provided for audit review. The query was adequately addressed.

6.2 Ngomongo Administration Police Camp

- 1343.** The security projects amount of Kshs.9,680,881 also includes Kshs.850,000 spent on the repair, electrical installation, and flooring of nine (9) Administration Police units huts and ground levelling with hard core and marram fill, drainage works, chain link fence repair and four (4) units latrine repair. However, an audit inspection in April 2022 revealed that the project was complete but not in use.
- 1344.** In the circumstances, the value for money on the expenditure of Kshs.4, 850,000 for the security projects may not have been realized.

Management Response

- 1345.** The project is complete and in use. The management attached a project completion certificate and photos showing the project in use.

Committee Observation

- 1346.** The Committee observed that the project was complete and in use. Photos and completion certificates were availed for audit review. The query was adequately addressed.

7. Transfers to Other Government Units

- 1347.** The statement of receipts and payments reflects transfers to other government units' amount of Kshs.94, 886,015 and as disclosed in Note 6 to the financial statements. However, the following unsatisfactory matters were noted;

8. Stalled Project-Gathuthuma Secondary School

- 1348.** The amount includes transfers of Kshs.8,330,000 to secondary schools, out of which Kshs.7,625,429 was incurred in the construction of a storey laboratory block at a contract sum of Kshs.7,963,569 at Gathuthuma Secondary School. However, an audit inspection in the month of April 2022 revealed that rainwater harvesting/drainage was not fixed while a relocation of the staff ablution block at a cost of Kshs.120, 000 was not done. Laboratory benches costing Kshs.600, 000 had not been delivered, yet the contractor was not on site.

Management Response

- 1349.** According to the audit report the Gathuthuma Secondary School has the following rainwater harvesting /drainage have not been fixed (140mm half round gutter prefabricated with fixed screwed joints on approved 140mm gutter support brackets, plastic approved plastic brackets, downpipe spigot outlets, swan neck and rainwater shoe) also re-location of staff ablution block at a cost of Kshs 120,000 was not done also laboratory benches at a cost of Kshs.600,000 have not been done and contractor was not in site. This is contrary to the actual status on the ground where benches are installed, and complete and the staffs' ablution block is also re-located and complete; the gutters have since been installed hence the project is now fully completed. Find the attached photos showing complete laboratory benches,

relocated staff ablution block and installed gutters and as project completion certificate for your review.

Committee Observation

1350. The Committee observed that the project was complete and in use. Photos and completion certificates were availed for audit verification. The query was adequately addressed.

9. Construction of Kirinyaga Central Technical Training Institute

1351. The amount also includes Kshs.2,000,000 transferred to a tertiary institution for the construction of one workshop, three lecture rooms and an office space. However, an audit inspection in April,2022 revealed that, the amount was reallocated the construction a two (2) storey buildings comprising twin workshop, classrooms and offices which was co-funded with the ministry of Education, under the State Department of Vocational and Technical Training under mentorship of Nyeri National Polytechnic at a cost of Kshs.58,8993,684. However, the reallocation was not approved by the Board.

Management Response

1352. Although the audit report has indicated that the NG-CDF funding for this project as non-phased, it is easy to identify the phase funded by Kirinyaga Central NG-CDF based on the request for funds made by Nyeri National Polytechnic, which was the mentor/implementing institution for Kirinyaga Central TVET. The funds were spent as per the project intended, and no re-allocation was done; hence no need for approval. He attached the fund request documents from Nyeri National Polytechnic, indicating the areas being funded for review.

Committee Observation

1353. The Committee observed that the project was jointly funded by the NG CDF and the Nyeri Polytechnic and had been completed. The query was adequately addressed.

10. Renovation Works for Primary Schools

1354. Further, the amount includes transfers to primary schools amounting of Kshs.84, 556,015 which includes Kshs.83, 356,015 incurred on renovation works for primary schools. However, pre and post-inspection reports confirming the scope of works and repairs carried out respectively were not provided of audit. Further, no expenditure records were maintained every month, contrary to section 38 of the National Government Constituencies Development Fund Act,2015 which requires officers of the Board in every constituency to compile and maintain records showing all receipts disbursement and actual expenditures every month of every project and sub-project. In the circumstances, the value for money on the expenditure of Kshs.83, 356,015 for the primary schools' projects may not have been realized.

Management Response

1355. Before the commencement of the project implementation, the management of Kirinyaga Central together with officers from the Ministry of Infrastructure and Public Works, always conduct a pre-project inspection from which the technical team prepares the project bill of quantities and the project drawings, which clearly defines the scope of work to be done on the project. During project implementation, several project inspections are conducted which involve all the project stakeholders and at each inspection, the quality and status of the project are ascertained. Once the project is complete, the project inspection and acceptance meetings are conducted before the contractor hands over the project to the user. For purposes of verification, sampled project bills of quantities and project inspection reports are attached for the auditor's review.

Committee Observation

1356. The Committee observed that this was an issue of failure to maintain and update records on time. The query was adequately addressed.

11. Asset Management

1357. Annex 4-summary of fixed asset register- to the financial statements reflects total fixed assets balance of Kshs.53,427,864. However, the management did not provide an updated and detailed fixed asset register to support the balance. Further, no evidence of stock count or inventory verification was provided to confirm that all reported assets existed and were effectively working. In addition, the assets were not tagged, and the asset movement registers were not appropriately kept.

Management Response

1358. The Management provided the following:

- i. The assets were verified and counted, from which their number and status were updated at the close of the year. Copy of the asset register was forwarded to the auditors in the response to the audit management letter.
- ii. Kirinyaga Central Asset register is maintained as per the template issued by the NG-CDF board, which is in accordance with IPSAS cash basis accounting, which is applicable to all constituencies in the country. However, we noted the requirement and will upgrade the register to include the missing information once we successfully seek approval from the NG-CDF board.
- iii. We are in the process of asset tagging where most of them are tagged, and for the few remaining, we have communicated with the NG-CDF board, who will release these tags. For the asset movement we are working to improve it although most of our assets are bought for a specific location without being moved to others.

1359. Kirinyaga Central NG-CDF assets are managed by the Kirinyaga central NG-CDF Committee through the fund account manager.

Committee Observation

1360. The Committee observed that the failure to fully comply with the reporting template and observed that the Constituency has not tagged all its assets. The query was adequately addressed.

12. Un-Updated Vote Book

1361. The fund used the manual vote book systems to record financial transactions in the year ending 30 June 2021. However, the vote book provided for audit was not updated or maintained systematically to allow for easy access to accurate financial data. In the circumstances, the reliability of the Fund's Vote book could not be confirmed.

Management Response

1362. The management provided that it had been maintaining manual vote books, which was well maintained, but from July 2021, they were maintaining the vote books electronically. They provided copies of the electronically maintained vote book for review.

Committee Observation

1363. The Committee observed that the constituency has moved to an electronic vote book maintenance since July 2021. The query was adequately addressed.

3.5.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1. Cash and Cash Equivalents

1364. The statement of assets and liabilities and as disclosed in Note 10 to the financial statements, reflects a balance of Kshs.19, 622,599 in respect to cash and cash equivalents. However, review of bank reconciliations for the month of June,2022 revealed reconciling items (un-presented cheques) amounting to Kshs.3,755,469, out of which Kshs.137,000 relate to un-presented cheques which were stale and were still outstanding at the time of audit in the month of March,2023. In the circumstances, the validity, completeness and accuracy of the cash and cash equivalents balance of Kshs.19, 622,599 could not be confirmed.

Management Response

1365. The Management presented the following Un-Presented unpresented cheques at the time of audit which were all replaced. They presented a copy of replacement minutes and the cashbook page showing their replacement.

Chq Date	Chq No.	Payee	Description	Amount
23/03/2022	017411	Cardinal Maurice Otunga School	Bursary	4,000.00

19/05/2022	017712	Kahuhia Girls High School	Bursary	12,000.00
19/05/2022	017751	Kenema College Of Professional Studies	Bursary	4,000.00
19/05/2022	017790	Kenya School Of Law	Bursary	4,000.00
19/05/2022	018109	Kiamuriuki Secondary School	Bursary	4,000.00
19/05/2022	017857	Nairobi Institute Of Science And Technology	Bursary	4,000.00
19/05/2022	017914	Rift Valley Institute Of Science And Technology	Bursary	8,000.00
19/05/2022	017932	Serene Haven Girls Secondary School	Bursary	4,000.00
19/05/2022	017933	Sericho Secondary School	Bursary	2,000.00
19/05/2022	017975	St Marys Karumandi Boy High School	Bursary	79,000.00
30/05/2022	017535	Karangare Secondary School	Bursary	4,000.00
30/05/2022	017547	Muranga High School	Bursary	4,000.00
13/06/2022	018088	Kenya Medical Training College-Thika	Bursary	4,000.00
		Total		137,000

Committee Observation

1366. The Committee observed that the stale cheques were replaced and the cash book extract availed for audit verification. The query was adequately addressed.

2. Budgetary Control and Performance

1367. The summary statement of appropriation reflects total payments budget of Kshs.185,459,609 against actual payments of Kshs.153,748,131, resulting to under absorption of Kshs,31,711,478 or 17%. This is an indication that some activities and budgeted projects may not have been implemented. In addition, the bank balance reflected Kshs.19, 622,599 in respect to cash released by the Board denied the residents of the constituency equivalent services.

1368. Further, the summary statement of appropriation reflects funds pending approval balance of Kshs.809, 000 in respect to other receipts. In the circumstances, under expenditure may have

affected the planned activities and may have impacted negatively on service delivery to the public.

Management response

- 1369.** The delay in the fund utilization occurred due to the delay in funds disbursement by the NG-CDF National board. This occurred in all stages from the release of the constituencies' budget ceiling by NG-CDF board to the disbursement of funds to the constituency account. The whole process was to commence from 1st July 2021 but it was delayed up to 26th August 2021 and given a proposal deadline of submission as 30th September 2021. This means the process of project proposal preparation was delayed, which also affected the funds disbursement dates.
- 1370.** The balance of Kshs 809,000 pending approval in the summary statement of appropriation was received from partial rent of the Kirinyaga central NG-CDF office to the liaison/constituency office (Kshs 798,000) and the sale of tender documents (Kshs 11,000).

Committee Observation

- 1371. The Committee observed that the Issue relates to delayed Exchequer Releases. The query was adequately addressed.**

3. Unresolved Prior Year Issues

- 1372.** In the report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in the use of public Resources. Although the management has indicated that some of the issues have been resolved as of June 2022, no documentation was provided indicating whether the issues were resolved or not.

4. Asset Management

- 1373.** Annex 4 to the financial statements reflects summary fixed assets register amount of Kshs.52, 901,324. However, included in this balance is Kshs.461, 181 in respect of old damaged computers/accessories, cameras that have since been stolen and furniture and fittings which are not in use. Further, included in the asset register are seven(7) computers and accessories from the Board of un-known value with five (5) of them being old and not in use (spoilt).In addition, the balance of Kshs,52,901,324 excludes amount of Kshs.675,540 described as land donation were to the ministry of ICT. However, supporting documents and approval for the donation were not provided, contrary to Regulation 143 of Public Finance Management (National Government) Regulations, 2015 which states that the accounting officer shall be responsible for maintaining a register of assets under his control or possession as prescribed by the relevant laws.

- In addition, the following other anomalies were noted in regard to fixed assets management; Most of the assets were not tagged and asset movement's registers were not appropriately kept.
- The assets were not insured against any risk.
- The assets had not been valued to determine the economic value.

1374. There was no evidence of any disposal having ever been done yet there were several bonded/damaged beyond repair items kept in the respective departments.

Management Response

1375. The management responded as follows:

- The asset count and valuation are always done at the end of the financial year from when a detailed asset register showing asset location and their status is prepared, also the assets that require disposal are recommended. The process of asset tagging was in progress. The Committee noted the issue and shall make its recommendation in its report.
- The Committee was in the process of sourcing the insurance company to insure its assets.
- The assets amounting to Kshs.675,540 excluded from the fixed asset register were partitions done by the Kirinyaga central NG-CDF Committee to the previous offices where Kirinyaga central NG-CDF was housed. The offices belonged to the ministry of ICT, Innovations and Youth Affairs. These partitions were donated to the ministry without any monetary consideration; hence no receipts to Kirinyaga Central NG-CDF.

Committee Observation

1376. The Committee observed that the NGCDFC was in the process of sourcing the insurance company to insure its assets. An asset register was availed for audit verification. The query was adequately addressed.

5. Project Implementation Status

1377. A review of project records and field verifications revealed the following;

5.1 Delayed Projects

1378. The Fund had six projects worth Kshs 35, 191,272 whose expected completion period had lapsed. The delay in project completion is an indication that the Fund did not comply with Regulation 11(1) (j) of the National Government Constituencies Development Fund Regulations, 2016, which states that the constituency Committee shall ensure that all projects receive adequate funding and are completed within three years.

Management Response

1379. The management responded that the following six projects are on-going well although some are behind schedule as per the comments against each project:

S.No	Project Name- Activity	% Completion	Amount (Kshs)	Remarks
1	Kiaga secondary school-drilling, equipping of a borehole and water connection to kiaga assistant chief office and kiaga primary school	99%	8,140,000	The Project is now complete and handed over. The completion certificate and handing over report for the auditors' review was attached.
2	Gitwe secondary school-drilling, equipping of a borehole and water connection to ngomongo ap camp, gitwe primary school and nduini assistant chief's office	70%	9,600,000	The Project was complete and handed over.
3	Karaini secondary school-construction of a storey science laboratory	95%	8,650,000	The Project was then complete and handed over. Provided was a completion certificate and handing-over report for the auditors' review.
4	St Johns Thaita Secondary school-construction of a Story Administration Block	60%	3,501,272	The Project was now complete and handed over. Provided was a completion certificate and handing-over report for the auditors' review.
5	Kirigo secondary school-construction of two classrooms	80%	2,600,000	The Project was now complete and has been handed over. Attached was the completion certificate and handing-over report for the auditors' review.
6	Kiangungu Primary School- Construction of a Perimeter wall around Kiangungu TVET	80%	2,700,000	The Project was complete. Provided was project completion certificate for the auditor's review

	Total		35,191,272
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Committee Observation

1380. The Committee observed that the projects were ongoing, although some were behind schedule. The query was adequately addressed.

6. Under Absorption/Utilization of Funds in Project Execution

1381. A review of the table on budget performance under the chairperson's report revealed six (6) projects with an estimated cost of Kshs.20,720,882 had funds utilization below 50% as shown below:

	Project Name	Total Available for the Project (Kshs.)	Project Expenditure as at 30 June,2022 (Kshs.)	Balance at the End of Financial Year (Kshs.)	% of Funds Utilization (Kshs.)
1.	Bursary Vocational Training	5,450,000	-	5,450,000	0%
2.	Kiangungu Primary School	5,514,904	2,700,000	2,814,904	49%
3.	Primary School Lockers and Chairs	4,500,000	-	4,500,000	0%
4.	Mukinduri Primary School Water Project	2,000,000	-	2,000,000	0%
5.	Mutitu ACC Office	1,660,000	481,683	1,178,407	29%
6.	NG-CDF Office	1,595,888	-	1,595,888	0%
	Total	20,720,882	3,181,683	17,539,199	

Management Response

1382. The management responded to the issues raised as per the next table:

S.No	Project Name	Total Available for The Project	Project Expenditure to Date	Balance at The End of Financial Year	% of funds utilization	Management Comment
1	Bursary Vocational Training	5,450,000	4,289,270	1,160,730	78.7%	A total of 782 bodaboda riders were trained and paid for, training of the remaining 218 was stopped due to difficulties in tracing them. Find attached copies of payment vouchers for the auditors review (Appendix 55a)
2	Kiangungu Primary School	5,514,904	2,700,000	2,814,904	49%	The funds were released to the school. The project is complete. Find attached completion certificate. (Appendix 55b)
3	Primary School lockers and Chairs	4,500,000	0	4,500,000	0%	Funds were released to the respective schools accounts and the lockers supplied. Find attached fund disbursement documents (cashbook pages). (Appendix 55c)
4	Mukinduri Primary School Water project	2,000,000	0	2,000,000	0%	Project activity changed to construction of pupils' septic ablution block and funds released to the PMC account. Find attached letter for project change of activity and new

						project completion certificate (Appendix 55d)
5	Mutitu ACC Office	1,660,090	481,683	1,178,407	29%	Funds paid to Mutitu ACC office contractor. Project complete and in use (Find attached handing over and completion certificate.(Appendix 55e)
6	NG-CDF Office	1,595,888	0	1,595,888	0%	Funds paid to the NG-CDF office contractor and the balance paid to the NG-CDF registry shelves installation contractor. Find attached payment documents. (Appendix 55f)
	Total	20,720,882	3,181,683	17,539,199	15%	

Committee Observation

1383. The Committee observed that issues have been resolved. The query was adequately addressed.

3.6 SOUTH MUGIRANGO CONSTITUENCY

1384. The Fund Account Manager for **South Mugirango Constituency** appeared before the Committee on Thursday, 24th October 2024, tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows:

3.6.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Accuracy of Financial Statements

1.1 Outstanding Imprests

1385. The cash and cash equivalents balance of Kshs.27,015,117 as at 30 June 2014 includes outstanding imprests totaling Kshs.2,790,780 which ought to have been surrendered or accounted for as of the same date. Further, the imprests were granted to one officer before accounting for earlier ones issued. The management of the CDF therefore contravened the existing regulations of issuance and accountability of imprests.

Management Response

1386. The Fund Account Manager submitted that the outstanding imprest totaling Kshs.2,790,780.00 which ought to have been surrendered or accounted for as at 30th June 2014 or the same date Were for Committee operations on project monitoring, evaluation and payments of Committee allowances which could not be completed as anticipated. The imprest where is issued to the Fund Account Manager who had the personal number among the CDF Committee. The management has since been surrendered the imp rest fully as per attached F.0 20 and Imp rest warrants.

Committee Observation

1387. The Committee observed that payment vouchers were provided for audit verification. The query was adequately addressed.

3.6.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1. Summary Statement of Appropriation

1388. The summary statement of appropriation indicates the current year's final budget figures for total receipts and total payments as Kshs.144, 114,763. However, records from the National Government Constituency Development Fund Board indicates that the final approved for the year 2014/2015 was, Kshs.119,890,426. The accuracy of the Summary statement of appropriation could not therefore be confirmed.

Management Response

1389. The Fund Account Manager submitted that the difference of Ksh.24,224,337.00 was adjusted figures a spillover adjustment from financial year ended 2013- 2014 as
i) Health projects Ksh.4,451,515
ii) Roads projects Ksh.14,800,000.00

iii) Water projects Ksh.4,475,744.00.

Committee Observation

1390. The Committee observed that the code list with the projects spill over and completion certificate were provided for audit verification. The query was adequately addressed.

2. Implementation of Projects

1391. Contrary to the provisions of the CDF Act which requires that all projects under the Act be implemented through Project Management Committees (PMCs) with the assistance of relevant Government departments, it was observed that 'there were some projects funded by the CDF being implemented by the Constituency Development Fund Committee (CDFC)

Management Response

1392. The Fund Account Manager submitted that the CDF Committee implemented the projects with the assistance of the technical officers i.e., the district public works Officer, the District water officer and the Procurement officer to implement the projects since the Project Management Committees lacked adequate capacity on project management the CDFC implemented the projects directly, however all the projects were complete and functional by time they were handed to the county government. Currently the NG-CDFC is continuously building capacity of the Project Management Committees with the assistance from the board and other technical sub county departments and projects are implemented by Project Management Committees.

Committee Observation

1393. The Committee observed that management has provided an explanation why they used the CDF. However, Currently the PMC have been trained and are now implementing the project. The handing over letter, photos and completion certificate were availed for audit verification. The query was adequately addressed.

3. Unauthorized Re-allocation of Funds

1394. The re-allocation was done without approval from the CDF Board, the use of emergency funds did not meet the threshold set for urgent and unforeseen need for expenditure since these were ongoing projects. The use of funds therefore contravened the provision of the CDF Act 2013.

Management Response

1395. The Fund Account Manager submitted the Committee indeed approved use emergency Vide Min. 03.02.2015 as follows;

- i. Kshs.300,000.00 for Completion of ongoing construction of three classrooms at Marongo Secondary School which was not allocated funds in the financial year under review.
- ii. Kshs.500,000.00 to construct another classroom at St. Mary Nyabigena Secondary School this was after the enrolment overwhelmed the management of the school.

The Committee considered the omission of Marongo secondary school in their budget as an ongoing project and under budgeting of St. Mary's Nyabigena as an oversight and regretted the same.

1396. The projects were done by the PMC and certified as complete by the public works officer.

Committee Observation

1397. The Committee observed that the Committee approved the emergency expenditure on the basis that there was overwhelming enrollment supported by the request from the school. The query was adequately addressed.

4. Inadequate Project Implementation Documents

1398. The South Mugirango Constituency Development Fund Committee disbursed a total of Kshs.23,772,493 in the form of Transfers to Other Government Units during the year under review as reflected in the statement of receipts and payments. These funds were administered through Project Management Committees (PMCs) spread throughout the constituency. During the audit review, disbursements totaling Kshs.13,700,000 made to various PMCs were not adequately supported with complete expenditure returns including cashbooks, bank statements, stores records, minutes, and other relevant accounting documents.

Management Response

1399. The Fund Account Manager submitted that at the time of audit, the listed PMCs could not fully support the expenditure of funds granted to them by availing cash books, bank statements store records however the CDFC can confirm that the projects are complete in use Project Management Committees cited lack of capacity to maintain stores records and cash book. However currently the NG-CDF Committee has built the Project Management Committee capacity toward financial management.

Committee Observation

1400. The Committee observed that the PMCs did not have the capacity to maintain cash books. However, the management has got returns for 9 schools out of 11 schools amounting to Kshs.10,700,000 out of 13,700,000 leaving a balance of 3,000,000,000.

5. Budget Performance Analysis

1401. That CDF South Mugirango spent in excess of budget Kshs.1,038,651 on use of goods and services surpassing budget by 25% with absorption rate of 125%, Kshs.4,451,515 on health institutions which was not budgeted for surpassing budget by 100%, Kshs.20,782,219 in excess of budget on roads surpassing budget by 80% with absorption rate of 180% and Kshs.4,475,744 in excess of budget on water projects surpassing budget by 48% with absorption rate of 148%. Under-absorption on Secondary Schools projects by Kshs.7,900,000 which is 61 % of budget, Primary Schools projects by Kshs.18,216,955 which is 28% of

budget and Kshs.2,980,085 Security Projects by which is 17% of budget.

Management Response

1402. The fund account manager submitted that the perceived over expenditure on line items was as result of unspent previous year balances adjusted to the financial year under review.

- i. Ksh.1,038,651 on use of goods and service previous year balances.
- ii. Kshs.4, 451,515 on health was budgeted for in financial year 2013-14 and spent on the financial year 2014-2015.
- iii. The excess of budget of Ksh.20,782,219 on roads consist of Ksh.5,982,219.00 for financial year 2012-13. Ksh.14,800,000 for 2013-14.
- iv. Ksh.4,475,744 in excess of budget on water projects is unutilized funds of 2013-2014 financial year. The under-absorption was as a result of non-receipts of budgeted funds however the funds were received in subsequent year projects implemented complete and in use.
- v. On secondary schools out of ksh.20,100,000, only 12,200,000 was received from the board and spent by the end of financial year under review, Ksh.7,900,000 as per approved code list had not been received
- vi. On primary schools of the budgeted Ksh.25,337,933 only Ksh.7,120,978 had been received from the board and spent, the balance of ksh.18,216,955 had not been received by the end of the financial year under review.
- vii. On security projects, of the Ksh.3,600,000 budgeted for in the financial year under review only Ksh.619,915 had been received and spent from the board by the time of audit.

1403. The Management would like to confirm that the funds have been received and all the projects implemented and are in use.

Committee Observation

1404. The Committee observed that management provided code lists as evidence of unspent balances in the prior year for audit verification. The query was adequately addressed.

6. Rehabilitation of Ndonyo and Muma Playgrounds

1405. A contract for Kshs.3,999,450 was awarded to Roja Enterprise Ltd on 28 February 2015 in respect of rehabilitation of works at Ndonyo and Muma schools play grounds. The contract was varied upwards by Kshs.,1,091,500 to Kshs.5,090,95. (inclusive of taxes) as per valuation of works done certificate no ... 2 prepared in May 2015, and approved by the Constituency Roads Office which was 27% above the original contract sum and above the allowable legal contract variation limit of 25%. In addition, the funds spent were over and above the allocation for the year. which was Kshs.4,000,000. There are also no documents from the tender Committee sanctioning the variation. In the circumstances, the fund was in contravention of the Public Procurement and Disposal Act, 2005.

Management Response

1406. The Fund Account Manager submitted that a contract was awarded to Roja Enterprise Ltd contract no. CDF/SM/CDF/2014-15/001 to rehabilitate Ndonyo and Muma playfield at Ksh.3,999,450.00. The certificate presented to the Committee for payment by the project manager was found to be erroneously quoting Ksh.5,090,950 instead of the contract sum of Ksh.3,999,450. The contractor was paid in two installments of Ksh.3,478,140 and Ksh.1,142,837.50 totaling to Ksh.4,620,977.50. The contract was varied upwards by Ksh.821,500 and not by Kshs.1,091,500 which is less than the allowable limit of 25%.

Committee Observation

1407. The Committee observed that F.O 20, LSO, summary statement of payment Site instructions to Roja Enterprises, tender Committee minutes and CDFC minutes were availed for audit verification. The query was adequately addressed.

7. Nyamue Water Project

1408. A contract for Kshs.1,440,000 was awarded to Sasi Construction Co Ltd on 1 o June 2014 in respect of rehabilitation of Nyamue Water works. However, on completion and commissioning, all the pipes burst due to the water pressure and using the wrong pipe size. The project is therefore not currently useful to the beneficiaries. Consequently, value for money spent on the project was not realized.

Management Response

1409. The Fund Account Manager submitted that the water pipes bust due to pressure after completion and commissioning the county government repaired the line and the project was handed over to the County Government.

Committee Observation

1410. The Committee observed that the management provided a handover report dated 23 February 2017 to the County Government of Kisii indicating that the projects are functional. The query was addressed.

8. Nyakeiboreire Dispensary and Staff House

1411. Despite the project having_ been completed satisfactorily, the health facility is still not in use one year since completion. Consequently, realization of the project objectives has not been met.

Management Response

1412. The Fund Account Manager submitted that by the time of audit, the project had not been utilized for its intended purpose since its completion. However, the project is currently in use since being taken over by the county government

Committee Observation

1413. The Committee observed that the house is currently being used by AP police officers of Nyakeiboreire. The query was adequately addressed.

9. Ekioge Water Project extension

1414. Despite having been paid in full the contractor did not construct 5 communal water point valued at a cost Kshs.149,925.

Management Response

1415. The Fund Account Manager submitted that the 5 communal water points valued at ksh.149,925 were not done as a result of site instructions to the contractor by the project manager to incorporate unforeseen works which were not factored in the initial Bill {Purchase pipes, trench and lay, on the Nyakeboreire Dispensary line(connection) and test the line-Kshs.40,000, Purchase pipe, trench and lay the pipes on the connection to the land owners' homes as a means of compensation-Kshs.49,925 and carefully excavate remove and replace the UPVC pipes 3"c/c on the rising main and replace them with the UPVC pipes 3" C/D (provide labor)-Kshs.60,000.

Committee Observation

1416. The Committee observed that the funds were reallocated for extra work that was not initially factored in the BQ. The project is functional. The query was adequately addressed.

3.6.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1. Inaccuracies in the Summary Statement of Appropriation

1417. The summary statement of appropriation reflects an original budget of Kshs.127,151,820 and an adjustment of Kshs.32,326,33 bringing the total budget to Kshs.159,478,154. However, the adjustments have not been supported by approved code list showing the 2014/2015 activities that were financed in2015/2016.

1418. The Constituency received Kshs.126,651,820 against the budgeted amount of Kshs.127,151,820 leading to undisbursed balance of Kshs.500.000.

1419. The management did not provided schedules of projects earmarked for implementation from the funds rolled over from the previous year. In the absence of the list of the projects, it has not been possible to confirm that the funds were utilized for the intended purpose.

Management Response

1420. The fund manager submitted that the summary statement of appropriation reflects an original budget of Kshs.127, 151,820 and an adjustment of Kshs.32,326,334. Which comprises of unutilized funds from various financial years as follows

- i. Kshs.900,223.00 use of good and services for 2012/13
- ii. Kshs.7,900,000. for Secondary schools 2014-15

- iii. Kshs 18,216,955.00 primary school 2014-15
- iv. Kshs 2,980,085 for security projects 2014-15,
- v. Audit fee ksh.500,000.00

1421. It is true the constituency did not receive the Ksh.500,000 which had been allocated for audit fee in financial year 2015/2016. Through re-submission request the funds have been received and used in approved project by the board.

Committee Observation

1422. The Committee observed that the Code lists have been provided for audit verification. The query was adequately addressed.

2. Non-filing of Expenditure Returns by Project Management Committees

1423. The Constituency Development Fund Committee disbursed a total of Kshs.38,637,931 being transfers to other Government units during the year under review and specifically, to primary and secondary schools. These funds were administered through Project Management Committees (PMCs) spread all over the Constituency. However, grants totalling Kshs.18,800,000 disbursed to various PMCs were not supported with expenditure returns including cashbooks, bank statements, stores records, minutes, and other relevant accounting documents.

Management Response

1424. The Fund Account Manager submitted that by the time of audit, some PMCs had not submitted the expenditure returns of funds granted to them, however out of Kshs.18,800,000 the Committee has managed to get supporting document from 10 schools totaling Kshs.9,600,000. The management has further made emphasis on the project Committees to submit the expenditure returns on a regular basis which has been adhered to.

Committee Observation

1425. The Committee observed that PMC had no capacity to prepare Cash books. Part of the returns have been submitted and Kshs.9,200,000 is remaining. The query was adequately addressed.

3. Construction of Nyaketonkono Water Project

1426. The Constituency Development Fund Committee (CDFC) directly implemented the construction of Nyaketonkono Water Project at contract sum of Kshs.3,264,820 through a contract awarded to Sasi Contractors contrary to the provisions of the National Government Constituencies Development Fund Act, 2015 which requires that all projects be implemented through Project Management Committees.

Management Response

1427. The Fund Account Manager submitted that the NG-CDFC implemented the project directly without a project management Committee. However due to inadequate capacity among the PMCs the Committee implemented the project with the assistance of the relevant government technical department through a contract. The project was functional by the time of handing over to the county government.

Committee Observation

1428. The Committee observed that Management has provided explanation why they used the CDF. However, Currently the PMC have been trained and are now implementing the project. The query was adequately addressed.

4. Budget performance Analysis

1429. The following were noted about the budget performance:

- i. Overall, under expenditure was 36% below budget mainly attributed to low absorption of funds.
- ii. The Constituency under spent on eleven (11) line items with a total expenditure of Kshs.46,216,920 and overspent on four (4) line items with a total of Kshs.10,648,841.
- iii. Included in the total payments of Kshs.91,083, 7 41 in the statements of receipts and payments is expenditure of Kshs.35,568,079 which relates to 2014/2015 which were rolled over to the financial year 2015/2016.
- iv. The expenditure shows that Committee expenses, security, primary schools, and social security had the highest over expenditure. No explanation was provided for the material variations and neither were reallocations approved by the National Government Constituencies Development Fund Board before the end of the financial year as required under the NGCDF Act 2015.
- v. As at 30 June 2016, the reconciled bank balance was Kshs.67,894,413. However, some of the projects had not been undertaken and thus the citizens did not receive all the services provided for in the approved budget. Delayed service delivery due to slow rate of absorption of funds may cause projects vital to the community's welfare not to be implemented.

Management Response

1430. The Fund Account Manager submitted that the under expenditure during the year was due to the delayed funding from the exchequer. The various projects were undertaken and are currently in use. The over expenditure on Committee expenses, security, primary schools and social security was due to the rollover of funds from the previous financial year of Ksh.35,568,097 which were implemented in the financial year under review there was no reallocation since only intended approved project from the previous financial were implemented (Annex 14) 2014-15 schedule of projects certificate of completion and photos.

The delayed service delivery was due to delayed funding from the exchequer causing the delay in project implementation.

Committee Observation

1431. The Committee observed that the management has sited delay from the exchequer. The query was adequately addressed.

5. Project Verification

1432. It was noted that two projects were not branded.

Management Response

1433. The Fund Account Manager submitted that the two projects of Nyamondo Water Project and Ekioge Water Project were undertaken to completion, branded and later handed to the county government as the function had been devolved.

Committee Observation

1434. The Committee observed that there is possibility that the branding was vandalized. The query was adequately addressed.

3.6.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1. Unexplained Expenditure Variance

1435. The statement of receipts and payments reflects an expenditure of Kshs.8,418, 706 in respect of goods and services which, however, differs by Kshs.546,598 with the sum of Kshs.8,965,304 derived from the expenditure schedule presented for audit. No plausible explanation has been provided by management for the discrepancy.

Management Response

1436. The Fund Account Manager submitted that Kshs.8,418,706 was the actual expenditure during the year under review as indicated in the statement of receipts note 9 and statement of appropriation. The actual expenditure during the years. Kshs.546,598 were reversed cheques that had been replaced and were wrongly captured in the expenditure schedules which is highly regretted.

Committee Observation

1437. The Committee observed that the expenditure schedules were not provided by the management. The query was not addressed.

Committee Recommendation

1438. Within three (3) months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, (CAP.412B) the Accounting Officer should submit the expenditure schedules to the National Assembly.

2. No Trial Balance

1439. The management did not present the trial balance as at 30 June 2017 for audit along with the financial statements. In the circumstance, the basis of the financial statements submitted for audit is not clear and therefore their accuracy and validity cannot be confirmed.

Management Response

1440. The Fund Account Manager submitted that the trial balance does not form part of the financial statements but part of the supporting schedules to the financial statements hence it was not attached to the financial statements that were submitted. The trial balance has since been availed to the auditors for review.

Committee Observation

1441. The Committee observed that trial balance was provided and availed for audit verification. The query was adequately addressed.

3. Lack of Clarity on Previous Year's Project Allocations

1442. The summary of the statement of appropriation reflects an original budget of Kshs.81,896,601 and an adjustment of Kshs.67,894,413 resulting in a total budget to Kshs.149,791,015. However, the adjustments have not been supported by an approved receipts code list showing year 2015/2016 projects financed in 2016/2017. In the circumstance, it is not possible to identify the 2015/2016 projects financed through the budget for the year under review.

Management Response

1443. The Fund Account Manager submitted that Ksh.67,894,413 was the opening cashbook balance as at 1st July 2016. The balance was as a result of unutilized funds of 2015-2016 which were utilized in the financial year under review.

Committee Observation

1444. The Committee observed that code lists have been provided and verified by the auditor. The query was adequately addressed.

4. Old Unpresented Cheques

1445. The statement of assets as at 30 June, 2017 reflects cash and cash equivalents balance of Kshs.7,443,717. However, a review of the bank reconciliation statement as at 30 June 2017

revealed inclusion of stale cheques amounting to Kshs.338,603 that, contrary to public financial management regulations, had not been reversed in the cash book as at 30 June 2016.

Management Response

1446. The Fund Account Manager submitted that Stale cheques Amounting to Ksh.338,603 were not reversed by 30 June 2017, this was an omission at the sub county treasury. However, they were reversed and replaced accordingly.

Committee Observation

1447. The Committee observed that the cash book extract was not provided for verification. The query was not addressed.

Committee Recommendation

1448. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, (CAP.412B) the Accounting Officer should submit the cashbook extract to the National Assembly.

5. Non-submission of Expenditure Returns by Project Management Committees

1449. The Constituency Development Fund Committee made disbursements totaling Kshs. 70,565,362 under transfers to other government entities budget item during the year under review. The transfers benefited primary and, secondary schools as well as tertiary and health institutions. However, disbursements totaling Kshs.20,400,000 made to project management Committees (PMCs) were not supported with expenditure returns including bank statements, stores records and minutes. In the absence of supporting documents, the occurrence and propriety of the disbursements totaling Kshs.20,400,000 cannot be confirmed.

Management Response

1450. The Fund Account Manager submitted that by the time of audit, some 41 PMCs had not submitted expenditure returns of funds granted to them, however it was confirmed that the projects were complete and in use, through regular capacity building we have made emphasis on the project Committees to submit the expenditure returns on a regular basis. The Management has managed to get expenditure returns of 17 Project Management Committees totaling to Ksh.7,800,000. The projects were completed and are in use.

Committee Observation

1451. The Committee observed that the management provided expenditure returns for the projects amounting to Kshs.7,800,000. The query was adequately addressed.

6. Budget Absorption Rate

1452. The Budget data indicates that the management underspent on three (3) items namely; use of goods and services, transfers to other government entities, and other payments. The total amount budgeted was Kshs.151,791,01 but aggregate expenditure was Kshs.144,347,297 resulting in a variance of Kshs.7,443,718 that depicted a budget absorption rate of 95%.

Management Response

1453. The Fund Account Manager submitted that, it's true the Committee underspent on Use of Goods and services by Ksh.129,411, Transfer to other Government entities by Ksh.2,000,000 and Other payments by Ksh.5,314,307.

i). Ksh.2,000,000 Transfer to other Government entities has since been implemented. And in use (Annex 21 Schedule of project, code list 2016-2017, photos and completion certificate.

ii) Other payments KS 5,314,307. were emergency balances which had accumulated from previous years, there was no emergent issue in the financial year under review.

Committee Observation

1454. The Committee observed that Management has provided reason for under funding. The query was adequately addressed.

7. Overpayment on Construction of Kisii University Campus

1455. Included in the transfers to other government entities balance of Kshs. 70,565,362 is Kshs.19,437,908 disbursed to tertiary institutions. Part of the allocation to tertiary institutions related to a contract for construction of a tuition block (Phase II) at Nyangweta Campus of Kisii University. The contract was awarded to a local company at a contract sum of Kshs.12,394,745. However, examination of payments made in respect of the contract revealed that a total of Kshs.13,949,161 was paid resulting in an overpayment of Kshs.1,544,415. Management have not provided any plausible explanation for the overpayment amounting to Kshs.1,544,415. As a result, the validity of the expenditure cannot be confirmed.

Management Response

1456. The Fund Account Manager submitted that the constituency varied the contract by Ksh.1,544,415, the variation was based on site instruction issued to the contractor which was within the allowable variation limit statement of variations and site instructions, photos and completion certificate.

Committee Observation

1457. The Committee observed that Management has provided the justification. The variation was 13% of the contract sum which is within the threshold and copy of engineer instructions was availed for verification. The query was adequately addressed.

8. Project Implementation Status

1458. Works on two projects were ongoing as at the date of the audit.

Management Response

1459. The Fund Account Manager submitted that all the projects including the two projects were undertaken and completed and are currently in use. Moticho Girls' School and Nyatwoni Primary School.

Committee Observation

1460. The Committee observed that the projects have been completed. The query was adequately addressed.

3.6.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1. Net Financial Position

1461. The statement of assets as at 30 June 2018 reflects total financial assets balance of Kshs.9,037,362 and nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the statement of assets shows net liabilities instead of the net financial position of Kshs.9,037,362.

Management Response

1462. The Fund Account Manager submitted that the template issued during the financial year under review had the statement of asset indicating net liabilities instead of the net financial position. The Template was revised in the subsequent financial year, and this complied with the requirements.

Committee Observation

1463. The Committee observed that the issue was resolved from the template of the year 2020. The query was adequately addressed.

2. Summary Statement of Appropriation

1464. Included in the summary statement of appropriation - recurrent and development combined for the year ended 30 June 2018 is an adjustment of Kshs.18,823,027 for both receipts and payments. However, the detailed schedule of the projects in the approved code list in the prior financial year represented by Kshs.18,823,027 was not presented for audit.

In the circumstances, the accuracy and completeness of the summary statement of appropriation could not be confirmed.

Management Response

1465. The Fund Account Manager submitted that the Kshs.18,823,027 as per the summary statement of appropriation; recurrent and development combined for the year ended 30 June 2018 comprised.

- i) Ksh.200,000 compensation of employees.
- ii) Kshs.824,137.93 use of goods and services
- iii) Kshs.15,443,717.31 transfer to other government units.
- iv) Kshs.2,355,172.41 other grants and transfers.

Committee Observation

1466. The Committee observed that the code lists have been provided for audit verification. The query was adequately addressed.

3. Diversion of Funds to Un-approved Project

1467. Included in the transfers to other government units' expenditure of Kshs.18,223,000 is an amount of Kshs.1,600,000 disbursed to Ramoya Girls Secondary School for laying slab for the second floor of the library building. However, a physical verification of the project revealed that the funds were diverted and used to finish the laboratory counters and fitting of piping system and desk tiles of the laboratory without approval of the National Government Constituencies Development Fund Board. In the circumstances, the regularity and value for money of the expenditure of Kshs.1,600,000 could not be confirmed.

Management Response

1468. The Fund Account Manager submitted Ksh.1,600,000 was allocated to Ramoya Girls Secondary School for laying slab for the second floor of a library building. It's true the funds were used to finish the laboratory counters and fitting of piping system and desk tiles of the laboratory which is on the ground floor of the same building without the board approval. The school board discussed and resolved that doing a slab will not add value since the school lacked a complete which was the ongoing project laboratory. The Management regret not seeking the board approval however as confirmed by audit team on the completion of the school laboratory the laboratory is in use and their value for money.

Committee Observation

1469. The Committee observed that the management acknowledgment that the board approval was not obtained. However, the project is completed. The query was adequately addressed.

4. Construction of Classrooms at Manywanda Girls Secondary School

1470. During the year under review, a total of Kshs.2,000,000 was disbursed for the proposed construction of four classrooms at Manywanda Girls Secondary School. A physical verification in March 2019 revealed that the project was incomplete and only a slab had been done. As a result, value for money of the expenditure could not be ascertained.

Management Response

1471. The Fund Account Manager submitted that, as at the time of audit the project was still ongoing at the ground floor which was the first phase of the project. The ground floor consisting of 4 classrooms being the first phase is complete and currently in use.

Committee Observation

1472. The Committee observed that the project is complete and currently in use. The query was adequately addressed.

5. Budget Performance Analysis

1473. A review of the budget performance revealed that there was general under-absorption of voted funds in the year 2017/2018. The underutilization of the budgeted funds negatively affected the achievements of some of the core objectives of the Fund and denied the constituents efficient and effective service delivery.

Management Response

1474. The Fund Account Manager submitted that It's true the overall budget absorption rate was at 40%, this was due to late funding from the exchequer. However, the fund was received and intended project implemented to completion.

- i. Transfer to Other Governments Units Kshs.29,020,717
- ii. Other Grants and Transfers Kshs. 21,341,920
- iii. Other Payments Ksh10,472,027

Committee Observation

1475. The Committee observed that Management provided the reason for the underfunding. The query was adequately addressed.

3.6.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1. Unaccounted for Bursary Disbursements

1476. The statement of receipts and payments reflects expenditure of Kshs.45,685,994 under other grants and transfers for the year ended 30 June 2019. The expenditure includes an amount of Kshs.6,480,790 under Note 7 which was incurred on bursary disbursements to secondary schools. However, audit revealed that, out the total disbursements, an amount of Kshs.5,790,790 was not accounted for or acknowledged as having been received by the

beneficiary schools. Consequently, the validity of the expenditure on bursary disbursements of Kshs.6,480,790 could not be confirmed.

Management Response

1477. The Fund Account Manager submitted that, management received acknowledgement totaling Ksh.2,557,500 out the possible Kshs.6,480,790, management has engaged the Postal corporation of Kenya to deliver the bursary cheques and return the acknowledgement and receipts alongside visits to beneficiary institution This has improved the accountability of the bursaries.

Committee Observation

1478. The Committee observed that the acknowledgement of Kshs.2,557,500 have been received. The query was adequately addressed.

2. Erroneous Net Liabilities

1479. The statement of assets and liabilities reflects total financial assets balance of Kshs.9,104,010 and Nil liabilities as at 30 June, 2019. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the statement reflects net liabilities instead of net assets and liabilities balance of Kshs.9, 104,011. No explanation was provided for this anomaly.

Management Response

1480. The Fund Account Manager submitted that the template issued during that year had the statement of asset indicating net liabilities instead of the net financial position. The Template was revised in the subsequent financial year, and this complied with the requirements.

Committee Observation

1481. The Committee observed that the issue was resolved in the subsequent financial year. The query was adequately addressed.

3. Budgetary Control and Performance

1482. The summary statement of appropriation - recurrent and development reflects final receipts budge and actual on comparable basis of Kshs.172,941,721 and Kshs.117,900,845 respectively resulting to an under-funding of Kshs.55,040,876 or 32% of the budget. Similarly, the Fund spent Kshs.108,796,834 against an approved budget of Kshs.172,941,721 resulting to an under-expenditure of Kshs.64,144,887 or 37% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of South Mugirango Constituency.

Management Response

1483. The Fund Account Manager submitted that the underutilization was due to late disbursement of funds from the ex-chequer during the financial year under review. However, the funds were received in the preceding financial year, and the intended projects were implemented accordingly.

Committee Observation

1484. The Committee observed that the underutilization was due to late disbursement of funds from the exchequer. The query was addressed.

4. Non-Implemented Projects

1485. The audit revealed that an amount of Kshs.44,200,000 was allocated to fifty-four (54) projects for construction, completion and renovations of classrooms in fifty-four (54) primary and secondary schools. However, these projects were not implemented during the year under review. Consequently, the constituents did not obtain value for money on the projects not implemented leading to delay in service delivery to the stakeholders.

Management Response

1486. The Fund Account Manager submitted that, the delay in the project implementation was due to the late release of funds from the ex-chequer. However, the projects were implemented to completion in the subsequent financial year, completion certificate have been availed to the auditor for review

Committee Observation

1487. The Committee observed that the project is completed and are in use. The query was adequately addressed.

3.6.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1. Cash and Cash Equivalents

1488. Note 1 O(A) to the statement of financial statement reflects Kshs.12,744,665 in respect to bank balances which differs with the balance of Kshs.11,971,608 reflected in the cash book and bank reconciliation statements leading to unexplained or reconciled variance of Kshs.803,057. Further, the bank balance of Kshs.12, 715, 187 reflected under Note 1 QA to the financial statements differs with the Kshs.12,744,665 reflected in the statement of assets and liabilities in respect of bank balances resulting to unreconciled variance of Kshs.29,478. Consequently, the accuracy, validity and completeness of the bank balance of Kshs.12,744,665 as at 30 June, 2020 could not be ascertained.

Management Response

1489. The Fund Account Manager submitted that this was an error which occurred in the financial statement however, it was corrected in the financial year ending 2022.

Committee Observation

1490. The Committee observed that the error affected the year 2020 and year ended 30 June 2021 but for the year ended 30 June 2022 it was corrected and the issue did not recur. The query was adequately addressed.

2. Other Grants and Other Payments

1491. Note 5.0 to the financial statement reflects Kshs.29,609,434 in respect to other grants and transfers which differs with Kshs.22,743,267 reflected in the statement of appropriation resulting to unreconciled variance of Kshs.6,865,167. Consequently, the accuracy, validity and completeness of the other grant and transfers balance of Kshs.29,608,434

Management Response

1492. The Fund Account Manager submitted that the unreconciled balance of Kshs.6,865,167 is included in the statement of appropriation line six under other payments in the financial statement hence there is no variance.

Committee Observation

1493. The Committee observed that the query was adequately addressed.

3. Use of Goods and Services

1494. Note 5 to the financial statements reflects Kshs.7,681,652 in respect to use of goods and services for which no supporting schedules, payment sub-schedules and sub-ledgers were not provided for audit review. Consequently, the accuracy, validity and completeness balance of Kshs.7,681,652 in respect of use of goods and services for the year ended 30 June, 2020 could not be ascertained.

Management Response

1495. The Fund Account Manager submitted that Kshs.7,681,652 was the expense under the various sub items under the use of goods and services. The schedule had been misplaced within the office however, they have been availed to the auditors for review.

Committee Observation

1496. The Committee observed that the schedule was availed for audit verification. The query was adequately addressed.

4. Budget Performance and Control

1497. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.201,681,492 and Kshs.123,040,878 respectively resulting to an under-funding of Kshs.78,592,614 or 39% of the budget. Similarly, the Fund expended Kshs.119,569,105 against an approved budget

of Kshs.201,681,492 resulting to an under-expenditure of Kshs.82, 112,387 or 41 % of the approved budget. The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the residents of South Mugirango Constituency.

Management Response

1498. The Fund Account Manager submitted that the projects were not implemented due to delay in disbursement of funds from the exchequer. However, the projects have since been implemented and are in use.

Committee Observation

1499. The Committee observed that Management provided the reason for the underfunding. The query was adequately addressed.

5. Unimplemented Projects

1500. Review of projects implementation status report provided for audit review revealed that twenty-eight (28) projects valued at Kshs.44,645,872 were budgeted but had not started as at 30 June, 2020.

Management Response

1501. The Fund Account Manager submitted that the projects were not implemented by the time of audit due to delay in disbursement of funds from exchequer however, the projects have been implemented and are in use. completion certificates have been availed to the auditors for review.

Committee Observation

1502. The Committee observed that the projects are completed and in use. The query was adequately addressed.

3.6.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1. Inaccuracies in the Financial Statements

1503. The statement of receipts and payments reflects transfers to other Government entities of Kshs.84,660,900 while Note 6 to the financial statements reflects Kshs.83,887,843 resulting to an unexplained variance of Kshs.773,057. Further Note 7 to the financial statements reflects other grants and other payments comparative balance of Kshs.30,381,491 whereas the prior year audited balance was Kshs.29,608,434 resulting to an unexplained variance of Kshs.773,057.

1504. In addition, the statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects compensation of employee totalling to Kshs.3,494,650. However, the supporting schedules provided reflected an amount of Kshs.3,925,480 resulting to an

unexplained variance of Kshs.430,830. In the circumstances, the accuracy of the compensation of employee's balance of Kshs.3,494,650 could not be confirmed.

Management Response

1505. The Fund Account Manager submitted that this was an error which occurred in the financial statement however, it was corrected in the financial year ending 2022.

Committee Observation

1506. The Committee observed that Management acknowledged the error that did not occur in future. The query was adequately addressed.

2. Inaccuracies in Cash and Cash Equivalents

1507. The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.11,300,50. However, review of the bank reconciliation statements revealed unrepresented cheques totaling Kshs.22,497,289 which included stale cheques totaling to Kshs.220,067 which were not payable and had not been reversed in the cash book as at 30 June, 2021. In addition, note 10 to the financial statements reflects cash book comparative balance of Kshs.11,971,608 whereas the prior year audited balance was Kshs.12,715, 187 resulting to an unexplained variance of Kshs.743,579. In the circumstances, accuracy and completeness of the cash and cash equivalents balance of Kshs.11,300,503 could not be confirmed.

Management Response

1508. The Fund Account Manager submitted that the management has reversed the stale cheques as per attached updated cash book and reconciliation statement in our response to management letter dated 9th May 2022.

Committee Observation

1509. The Committee observed that the stale cheques were reversed. The query was adequately addressed.

3. Budgetary Control and Performance

1510. The summary statement of appropriation reflects final receipts budget and actual on a comparable basis of Kshs.219,717,268 and Kshs.173,528,389 respectively, resulting to an under-funding of Kshs.46, 188,879 or 21 % of the budget. Similarly, the Fund expended Kshs.162,227,885 against an approved budget of Kshs.219,717,268 resulting to an under-expenditure of Kshs.57,489,383 or 26% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1511. The Fund Account Manager submitted that the delay in implementation of projects was due to late release of funds from the exchequer. However, the funds were received, and the projects implemented, complete and in use.

Committee Observation

1512. The Committee observed that the management submitted a satisfactory reason for the underfunding. The query was adequately addressed.

4. Incomplete and Stalled Projects

1513. Review of documents revealed that an amount of Kshs.2,626,046 was disbursed to Ndonyo Secondary Schools for construction of a 500student capacity multipurpose hall to completion. However, physical verification of the project revealed that only the walls and foundation works had been done and the building was incomplete and had stalled. Further, an amount of Kshs.3,000,000 was disbursed to Manywanda Girls Secondary Schools for construction of a 4 Storey classroom. The scope of works involved slabbing first floor and fitting of steel doors and windows of ground floor, plastering and painting to completion. However, physical verification of the project revealed that the walling and foundation for the classroom were done by bricks and the building was incomplete and it had stalled.

Management Response

1514. The Fund Account Manager submitted that the projects were funded in successive years and are currently complete and in use.

Committee Observation

1515. The Committee observed that the projects have been completed and a copy of the BQ was provided. Completion certificate, photograph and code list were also availed for audit verification. The query was adequately addressed.

5. Irregular Purchase of School Buses

1516. The statement of receipts and payments reflects transfers and other payments of Kshs.84,660,000. The expenditure includes an amount of Kshs.17,800,000 that was disbursed to three (3) secondary schools for purchase of school buses. However, the Fund used direct procurement which is contrary to Section 104 of the Public Procurement and Asset Disposal Act, 2015 which states that a procuring entity may use direct procurement if the goods, works or services are available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods, works or services, and no reasonable alternative or substitute exists. In addition, the contract documents were not provided for audit review.

Management Response

- 1517.** The Fund Account Manager submitted that the purchase of the school buses was done by use of the central government contract agreement between the government and association motors limited. The contract/tender no.SB/9/2019-21 agreement dated 2nd May 2019.

Committee Observation

- 1518.** The Committee observed that the management provided evidence of using Central Government agreement. The query was adequately addressed.

6. Delayed Project's Completion

- 1519.** Review of the project implementation's status reports for the financial years 2017/2018 and 2018/2019 revealed that six (6) projects funded at a cost of Kshs.6,700,000 over the years remained incomplete/ongoing and were at various stages of implementation against the provisions of the Section 46(2) of the NG-CDF Act, 2015 and Regulation 11 (1) of the NG-CDF Regulation, 2016 requiring that ongoing projects to be given preference in funding to ensure that they are completed within three years.

Management Response

- 1520.** The Fund Account Manager submitted that the Committee considered the observation and included the incomplete projects in the proposal in subsequent financial year and funds allocated implemented and are complete.

Committee Observation

- 1521.** The Committee observed that the projects were completed. The query was adequately addressed.

7. Environmental Projects

- 1522.** The statements of receipts of receipts and payments reflects an amount of Kshs.64,275,332 for other grants and other payments out of which an amount of Kshs.3,934,300 was utilized on environmental projects. Included in the expenditure is an amount of Kshs.1,632,000 which was incurred on supply of macadamia and avocado seedlings at three schools. However, physical inspection of the project revealed that all macadamia and avocado seedlings in one of the schools dried up due to poor management. In the second school, twenty (20), out of four hundred (400) trees of avocado had germinated and the macadamia plantation had not been weeded. In the third school, seven (7), out of four hundred (400) trees of avocado germinated and all the macadamia seedlings failed.
- 1523.** Management did not involve the county department in charge of the environment to provide technical advice contrary to Section 36(1) of the National Government - Constituency Development Act, 2015 which states that: "Projects under this Act shall be implemented by the project management Committee appointed in accordance with the regulations made under Section 57, with the assistance of the relevant department of Government and all payments

through cheques or otherwise shall be processed and effected in accordance with government regulations for the time being in force".

Management Response

1524. The Fund Account Manager submitted that the management regrets that despite involvement of the relevant government agency, the forestry department majority of the seedling did not perform to their expectation this was occasioned by the Covid-19 pandemic which caused the beneficiaries institution abandoned the maintenance after the institution were closed due to the pandemic. The management regrets this and commits that the supervision and monitoring shall be enhanced involving relevant department to avoid the same scenario.

Committee Observation

1525. The Committee observed that the query was adequately addressed.

8. Irregular Bursary Disbursements

1526. Review of the Subcommittee expenditure documents revealed that Kshs.43,907,408 was issued as bursary to tertiary Institutions. However, Management did not provide documentation to confirm that the Subcommittee as constituted co-opted two members, one of whom must be the area education officer or representative of the of Ministry of Education. This is contrary to the CDF Board circular reference VOL 1/111, dated 13 September 2010 which requires formation of a Subcommittee of Constituency Development Fund to manage the bursary scheme including two co-opted members one of whom must be an education officer or an officer seconded from the Ministry of Education.

Management Response

1527. The Fund Account Manager submitted that, the Management would wish to confirm the existence of the bursary subcommittee as established in the board directive and involvement in vetting and before approval and awarding by the NG-CDF Committee, as per attached subcommittee vetting minutes and NG CDFC minutes approving the subcommittee awarded beneficiaries.

Committee Observation

1528. The Committee observed that the supporting documents have been provided and verified by the auditor. The query was adequately addressed.

3.6.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1. Inaccuracy in Cash and Cash Equivalents

1529. The statement of assets and liabilities and Note 10 to the financial statements reflects bank balance of Kshs.22,027,858. However, audit review of the bank reconciliation statement as at 30 June, 2022 revealed unpresented stale cheques amounting to Kshs.3,673,444 which had

not been reversed in the cash book. This was contrary to Section 90(1) of the Public Finance Management Regulations, 2015, which states that accounting officers shall ensure any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.22,027,858 could not be confirmed.

Management Response

1530. The Fund Account Manager submitted that, the management regrets the omission, however, has reversed and replaced the cheque appropriately as per copy of cash book extract.

Committee Observation

1531. The Committee observed that the supporting documents have been provided and verified by the auditor. The query was adequately addressed.

2. Unsupported PMC Bank Balance

1532. Annex 5 reflects Project Management Committee (PMC) bank balance of Kshs.44,603, 123 which includes balance of Kshs.3,504,465 for Rionsata SDA Primary School. However, the supporting certificate of bank balance was not provided for audit review. In the circumstances, the accuracy of the PMC bank balance of Kshs.3,504,465 could not be confirmed.

Management Response

1533. The Fund Account Manager submitted that the project management Committee bank balance certificate had not been provided by the bank however the certificate has been availed to the auditors for review.

Committee Observation

1534. The Committee observed that the supporting documents were provided for verification. The query was adequately addressed.

3. Budgetary Control and Performance

1535. The summary statement of appropriation reflects final receipts budget and actual on comparable basis amounts of Kshs.194,728,261 and Kshs.186,428,26 respectively, resulting to an under-funding of Kshs.8,300,000 (or 4.3%). Similarly, the Fund expended Kshs.164,400,404 against an approved budget of Kshs.194,728,261, resulting to an under-expenditure of Kshs.30,327,857 (or 16%) of the budget. The underfunding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the residents of South Mugirango Constituency.

Management Response

1536. The Fund Account Manager submitted that the management would want to confirm that the underfunding of the budget with Ksh.8,300,000 was as a result of pending project approval which has since been approved as per attached code list and the projects have been undertaken to completion. The completion certificate has been availed. The management further confirm that the 16% difference in budget execution was as a result of late funding but the funds were received in the subsequent financial year and all the projects have been implemented are in use.

Committee Observation

1537. The Committee observed that the management provided a valid reason for the underfunding. The query was adequately addressed.

4. Unimplemented Projects

1538. The statement of receipts and payment and Note 6 to the financial statements reflects transfer to other Government units balance of Kshs.98,669,288. Included in the balance is an amount of Kshs.57,369,288 transferred to primary schools out of which an amount of Kshs.2,000,000 was disbursed to St. Michael Omogumo GOK and Riosanta SDA Primary Schools each towards playground leveling and planting grass cover on an area of approximately 100 by 100 square metres. However, field verification at the time of audit in the month of March 2023 revealed that the projects had not been implemented. In the circumstances, the benefits that would have accrued from the projects could not be realized.

Management Response

1539. The Fund Account Manager submitted that Kshs.2,000,000 was allocated each to St. Michael Omogumo and Riosanta Primary school towards playground leveling and planting grass cover on an approximate area of 100m by 100m. The two project management Committees requested for reallocation to renovation of classrooms since the available amount were no enough to do playgrounds. The projects are complete and in use.

Committee Observation

1540. The Committee observed that the project funds were reallocated, and the board approval availed for audit verification. The query was adequately addressed.

5. Delay in Purchase of School Bus

1541. The statement of receipts and payment and Note 6 to the financial statements reflects transfer to other Government units balance of Kshs.98,669,288. included in the balance is an amount of Kshs.41,300, 000 transferred to secondary schools out of which, an amount of Kshs.8,600,000 was disbursed to Omobiri Secondary School as additional funding towards purchase of a 46-seater semi luxury school bus as per revised Government Contract

No.SB/017/006/2020-2021. However, field verification at the time of audit in the month of March 2023 and interview with the Management revealed that the bus had not been purchased and delivered.

Management Response

1542. The Fund Account Manager submitted that the delay was due to the branding of the school bus that was taking place. However, the Omobiri secondary school has been purchased and delivered.

Committee Observation

1543. The Committee observed that the bus was delivered and the logbook availed for audit verification. The query was adequately addressed.

6. Unimplemented Environment Projects

1544. The statement of receipts and payments and Note 7 to the financial statements reflects other grant and transfers balance of Kshs.53,404,523. The balance includes expenditure on environment projects of Kshs.1,800,000 which was disbursed towards supply of seedlings and tree planting in various schools. However, field verification at the time of audit in the month of March 2023 revealed that the projects were not implemented due to unfavorable weather conditions. In addition, the bank statements for the project management Committee (PMC) bank accounts, showing that the Kshs.1,800,000 was received by the PMCs, were not provided for audit.

Management Response

1545. The Fund Account Manager submitted that the Management wants to confirm that the projects have been implemented as per attached photos; however, the delay was as results of funds availed during dry season.

Committee Observation

1546. The Committee observed that the project has been implemented. The query was adequately addressed.

7. Failure to Constitute Project Management Committee

1547. The statement of receipts and payments and Note 7 to the financial statements reflects other grant and transfers balance of Kshs.53,404,523. The balance includes emergency expenditure of Kshs.8,824,141 out of which, an amount of Kshs.2,999,720 was disbursed towards completion of Etago Law Court. However, Management did not provide evidence of involvement of the Project Management Committee (PMC) in delivery of the project. This was contrary to the provisions of Section 36(1) of the National Government Constituencies Development Act, 2015, which requires projects under this Act to be implemented by the

project management Committee appointed in accordance with the regulations made under Section 57, with the assistance of the relevant department of Government and all payments through cheques or otherwise shall be processed and effected in accordance with government regulations for the time being in force.

Management Response

1548. The Fund Account Manager submitted that the management regrets not transferring the fund to the project management Committee as stipulated in the act, though in existence. The Management feared the inadequate capacity of the project management and being the law, court was considered as an emergency due to the urgency of the request. Management can confirm alongside the audit verification team that the project was implemented and is in use at the time of audit.

Committee Observation

1549. The Committee observed that the completion certificate and photographs were availed for audit verification. The query was adequately addressed.

3.7 UGENYA CONSTITUENCY

1550. The Fund Account Manager for **Ugenya Constituency** appeared before the Committee on Thursday, 28th November 2024, tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows:

3.7.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Payment for Sports Activities

1551. The statement of receipts and payments reflect an expenditure amounting to Kshs.32,487,402 under other grants and transfers. Included in this amount is Kshs.2,499,560 in respect of sports activities. However, no expenditure returns on the utilization of the grants submitted were availed for audit verification.

Management Response

1552. By the time the audit was being undertaken, the sports tournament group stages were still being played which culminated in the Quarters and finals held in December 2015. Enclosed please find copies of the PMC Expenditure returns

Committee Observation

1553. The Committee observed that management provided the expenditure returns. The query is adequately addressed.

2. Diversion of Funds.

1554. Yenga Secondary School was allocated Kshs.600,000 for renovation of seventeen (17) Door pit latrines and bathrooms. However, the school diverted Kshs.200,000 to repay a loan taken from Kenya Commercial Bank to buy a School Bus. No Approval for the change of activity was availed for audit verification as required by the CDF Act, 2007 and CDF Board circulars.

Management Response

1555. Yenga Secondary School made an ill-advised decision to acquire a bus on loan occasioned a serious strain in its finances to the point that Free Secondary capitation from the government were being deducted at source to repay the bank loan. They could not sustain the loan instalments, resulting in KCB almost making good its threat to auction the bus due to non-payment. The the PMC unilaterally diverting monies for one activity to another was un-procedural and that they should have sought leave of the Ugenya NG-CDF to do so. Measures have been put in place to ensure that this will not be repeated.

Committee Observation

1556. The Committee observed that the expenditure returns for the Kshs.400,000 utilized by Yenga were availed for audit review. The query is adequately addressed.

3. Construction Works at Ugenya Teachers College.

1557. The CDF Committee on 21 May 2014 awarded a contract for the construction of four (4) classrooms at Ugenya Teachers College at a contract sum of Kshs.7,963,585. The contract was revised upwards by the Ministry of Public Works to Kshs. 8,707,323 (9%) on 11 June 2014. Further the CDF committee on 23 May 2014 awarded a contract for the construction of two dormitories at the Teachers College at a contract sum of Kshs. 21,577,879. However, the contract was also revised upwards by the Ministry of Public Works to Kshs. 24,585,573 (14%) on 11 June 2014. A review of the procurement documents of the two contracts revealed that the tenderers were single sourced locally within Ugenya District as opposed to open tendering. Minutes of the CDFC authorizing revision of the contracts by the Ministry of Public Works were not produced for audit verification. The CDFC implemented the two (2) projects without the involving project management committee's contrary to the requirements set out in Section 31(1) of the Constituencies Development Fund Act, 2013.

Management Response

1558. In tendering for this project, the Ugenya NG-CDF relied on Section 2 of the Public Procurement Regulations, 2009 (Annex 3) which states; "For the purposes of Section 39(4) (c) of the Act, constituencies and local authorities shall be regions where citizen contractors who are located and operate in those regions shall be given exclusive preference when participating in procurements using Constituency Development Funds and Local Authority Transfer Funds, except where it is established that local capacity is not available." During the procurement, the tender for Construction of Classrooms attracted Five (5) bids, and the one for Construction of Two (2) Dormitories attracted Four (4) bids all of which were very competitive which resulted in the successful completion of the projects as evidenced by Completion Certificates and photos (Annex 3) The variation of the contracts for the Classrooms and dormitories arose from a request from the Project Management Committee chaired by the Area Chief where it was suggested that we make provisions for additional columns so that later they can be converted into storey buildings. This was approved by the Ugenya NG-CDFC in the attached minutes.

Committee Observation

1559. The Committee observed that supporting documents have been provided for audit verification. The query was adequately addressed.

3.7.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1. Bank Balance

1560. Included in the bank balance of Kshs.42,476,844 is unrepresented cheques amounting to Kshs.726,638 which were already stale. In the circumstance, the accuracy of cash and bank balance of Kshs.42,476,844 could not be confirmed.

Management Response

1561. The Fund Account Manager submitted that these unpresented cheques were reversed in the Financial year 2015/2016 as evidenced by Cash Book extracts.

Committee Observation

1562. The Committee observed that the management did not provide the list of reversed cheques and cash book extract. The audit query was not addressed.

Committee Recommendation

1563. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the list of reversed cheques and cash book extract to the National Assembly.

3.7.3 AUDITED STATEMENTS FOR FINACIAL YEAR 2015/2016

1. Cash and Cash equivalents

1564. The cash and cash equivalents of Kshs.34,957,106 as at 30th June 2016 had the following anomalies as reflected in the bank reconciliation statement and cash book.

- i. Cheques totalling Kshs.1,475,343 were stale and had not been reversed in the cash book.
- ii. Imprest of Kshs.476,876 issued in the year 2010 has remained outstanding in the cashbook and no reason has been provided for the delay in the surrender. Further, the amount has been transferred to the prior year adjustment without any supporting evidence.

1565. Consequently, cash and cash equivalents balance of Kshs.34,957,106 as at 30th June 2016 could not be confirmed as correct.

Management Response

1566. The Fund Account Manager submitted that:

- i. The stale cheques were reversed in the subsequent financial year 2016/2017. Bank Reconciliation Statement for July, August & September 2016
- ii. The un-surrendered imprest of Kshs.476,876 was a balance from the year 2010 when the Ugenya books of accounts were under the Siaya District Treasury where the holder of the imprest claimed to have surrendered it but was lost in the process of transferring the treasury to Ukwala. This has since been surrendered.

Committee Observation

1567. The Committee observed that management submitted the surrender documents for audit verification. The query was addressed.

3.7.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1. Inaccuracies in the Financial Statements

1.1 Financial statements Schedules

1568. The financial statements for the year under review reflect significant between the balances shown in the financial statements and those on the respective expenditure schedules as outlined below:

Item	Financial Statements Kshs.	Schedules Kshs.	Variance Kshs.
Bursary – secondary schools	15,568,000	14,758,200	809,800
Bursary-Tertiary institutions	7,830,729	7,519,000	311,729
Routine Maintenance/Other Assets	441,261	104,541	336,720
Totals	23,839,990	22,381,741	1,458,249

Management Response

1569. The Fund Account Manager submitted that attached, please find the amended financial statement that rectified the mentioned errors.

Committee Observation

1570. The Committee observed that the management provided expenditure schedules which confirmed the financial statement figures. The query was adequately addressed.

2. Failure to Prepare a Trial Balance

1571. The management did not provide for audit the trial balance for the year ended 30th June 2017 and therefore it is not clear how the financial statements submitted for audit were prepared without a trial balance.

Management Response

1572. The Fund Account Manager submitted that a copy of the trial balance attached.

Committee Observation

1573. The Committee observed that the trial balance was provided for audit review. The query was adequately addressed.

3. Summary Statement of Appropriation-2016/2017

1574. The summary statement of appropriation for recurrent and development combined has a casting error of Kshs.1,962,348 and Kshs.7,000,000.00 under budget utilization difference on transfer to other government units and other grants and transfers respectively. Consequently, the correctness of the financial statements for the year ended 30th June 2017 could not be confirmed.

Management Response

1575. The Fund Account Manager submitted that this was corrected.

Committee Observation

1576. The Committee observed that the management addressed the issue. The query was addressed.

4. Roads Expenditure

1577. Included in other grants and transfers figure of Kshs.50,714,771 is Kshs.2,672,173 paid to Ugenya Roads Project Management Committee (PMC) for spot gravelling for Got Nanga – Uhuru – Bar Ober road and Kshs.3,000,000.00 to Ukwala Stadium PMC. However, the roads were funded by Kenya Rural Roads Authority (KERRA). The management explanation that the funds were reallocated to the Ugenya Forestry College is not supported by the Board's approval. Site visit to the stadium in the month of August 2018 revealed that no work had been done except for fencing. Consequently, the regularity of the expenditure of Kshs.5,672,173 could not be confirmed for the year ended 30th June 2017.

Management Response

1578. The Fund Account Manager submitted that Board approval for reallocation of Roads funds is attached. Stump removal and Leveling works at the very hilly Five (5) acre the stadium have since been completed.

Committee Observation

1579. The Committee observed that management provided the Board approval and photos of complete stadium was provided. The query was adequately addressed.

3.7.5 AUDITED STATEMENTS FOR FINACIAL YEAR 2017/2018

1. Variances Figures in the ledger and supporting documents

1580. Included in the figures of Kshs.8,951,099 under use of goods and services are payments totalling Kshs.3,130,573 which differs with the ledger figure of Kshs.1,420,150 by the unexplained variance of Kshs.1,710,423 as indicated in the table below.

Payment Voucher No.	Amount Kshs.	Amount as per ledger Kshs.	Variance (Kshs.)
7730	499,200	99,200	400,000
8631	531,500	27,887	503,613
7815	584,000	520,000	64,000
7691	462,000	435,000	26,100
8651	20,000	6000	14,000
7778	279,400	86,000	193,400
8489	20,000	980	19,020
8675	20,000	12,000	8,000
8623	20,000	6,000	14,000
8622	10,960	5,040	5,920
8636	207,013	27,013	180,000
8437	20,000	13,130	6,870
8501	456,500	181,000	275,500
Total	3,130,573	1,420,150	1,710,423

1581. Consequently, the completeness and accuracy of the balances of Kshs.8,951,099 reflected under use of goods and services as at 30th June, 2018 could not be confirmed.

Management Response

1582. The said variances in use of goods and services are explained in the detailed use of goods and services schedule.

Committee Observation

1583. The Committee observed that management submitted a schedule summary of goods and services. However, there was a variance of Kshs.1.4 million that had not been supported. The query was not addressed.

Committee Recommendation

1584. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the ledgers and supporting documents to the National Assembly.

Other Matter

2. Budget Performance

1585. The National Government Constituency Development Fund Ugenya incurred a total expenditure of Kshs.41,211,957 against a budgetary allocation of Kshs.106,633,666 representing a 38% budget absorption as tabulated below

Details of Expenditure	Final Budget Amount (Kshs.)	Actual Expenditure (Kshs)	Percentage Absorption
Compensation of Employees	3,029,433	2,916,749	96%
Use of Goods and Services	11,497,513	8,951,099	77%
Transfers to Other Government Units	44,453,448	2,500,000	6%
Other Grants and Transfers	40,976,245	26,844,109	65%
Other Payments	6,677,027	0.00	0%
Total	106,633,666	41,211,957	38%

1586. Further, construction of a Tractor park shed at Ugenya Technical Training Institute costing Kshs.1,600,000 was not in the approved budget. Contract documents were not made available for audit verification and therefore it was not possible to confirm how the contractor was identified and whether the community of Ugenya got value for money for the project.

Management Response

1587. The Fund Account Manager submitted that this under absorption was due to a General Election that occurred in the 1st quarter of the 2017 / 2018 Financial year followed by a repeat Presidential Election during the second year which caused the NG-CDF Board to rightly slow down disbursements to the constituency. The projects were all completed in the subsequent financial year. The tractor park was a pre-requisite for the Ministry of Education allocating tractors for the mainly agriculture-oriented college. This Tractor Park expenditure was subsequently approved by the Board.

Committee Observation

1588. The Committee observed that management did not provide photos, completion certificates and procurement documents for audit verification. The query was not addressed.

Committee Recommendation

1589. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the photos, completion certificates and procurement documents to the National Assembly.

3. Project Implementation Status

1590. Ugenya NG-CDF was to implement a total of 73 projects during the year 2017 / 2018 valued at Kshs.89,352,588. Further analysis indicated Twenty-Two (22) projects valued at Kshs.20,726,462 were not started, twenty-two (22) projects valued at Kshs.19,349,401 were ongoing and Twenty-Eight (28) projects valued at Kshs.48,276,725 were completed while One (1) project stalled valued at Kshs.1,000,000 as analysed in the table below;

SECTOR	No.	Completed Value (Kshs.)	No.	Ongoing Value (Kshs)	Not yet Started		Stalled	
					No.	Value (Kshs)	No.	Value (Kshs)
Emergency	2	5,137,931	0	0	0	0	0	0
Environment	0	0	0	0	0	0	0	0
Sports	0	0	1	1,436,206	0	0	0	0
Education	25	43,038,794	16	13,243,938	17	16,700,000	1	1,000,000
Security	1	100,000	5	4,669,257	5	4,026,462	0	0
Total	28	48,276,725	22	19,349,401	22	20,726,462	1	1,000,000

1591. Consequently, failure to utilize all funds as budgeted / disbursed is an indication that programmes and activities are not implemented as planned hence not achieving the intended objective of improving delivery of goods and services to the Ugenya Constituents.

Management Response

1592. The Fund Account Manager submitted that a slowdown in implementation during the financial year was due to the occurrence of a General Election. The NG-CDF Board's Circular on transition prohibits the entering into new obligations by the committees during campaign periods. These projects have since been completed.

Committee Observation

1593. The Committee observed that the management response submitted through the Office of the Auditor General did not adequately address the query raised.

Committee Recommendation

1594. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the photos and completion certificates to the National Assembly.

3.7.6 AUDITED STATEMENTS FOR FINACIAL YEAR 2018/2019

1. Inaccuracies in the statement of receipts and payments

1595. The statement of receipts and payments and the summary statement of appropriation - recurrent and development combined reflects total expenditure amounting to Kshs.95,165,711 while the computed balance amounts to Kshs.99,363,504 resulting to an unreconciled variance of Kshs.4,197,793. Further as disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects compensation of employees totaling to Kshs.5,636,667. However, the payroll reflected compensation of employees amounting to Kshs.3,895,220 resulting to an unreconciled variance of Kshs.1,741,447. Consequently, the accuracy, completeness and validity of expenditure totaling to Kshs.95,165,711 for the year ended 30 June 2019 could not be confirmed.

Management Response

1596. The Fund Account Manager submitted that Management notes the error. We endeavor to ensure such error will not be repeated in subsequent financial years. The difference of Kshs.1,741,447 is caused by other employee expenses incurred during the financial year, mainly lunch and travel allowances.

Committee Observation

1597. The Committee observed that the Management did not submit adequate supporting documents to address the expenditure. The query was not addressed.

Committee Recommendation

1598. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the supporting documents to the National Assembly.

Basis for Conclusion

2. Unapproved Expenditure

1599. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and transfers balance totaling to Kshs.32,944,735 which included bursary-secondary schools' amount of Kshs.17,954,850. However, the approved budget on bursary for secondary schools amounted to Kshs.13,175,313 leading to an unapproved over expenditure total of Kshs.4,779,536. Further, the Fund had use of goods and services expenditure budget and actual on comparable basis of Kshs.9,784,231 and Kshs.19,023,012 respectively resulting to an unapproved over expenditure of Kshs.9,238,781 or 94% of the budget. Consequently, the validity of the over expenditure for the year ended 30 June 2019 could not be confirmed.

Management Response

- 1600.** The Fund Account Manager submitted that there was an overwhelming demand for the Secondary Bursaries in 2018 – 2019. However, though the Secondary Bursary budget was breached it was covered by a rollover of funds from the previous financial year.
- 1601.** The use of Goods and Services budget was also boosted by a rollover of funds from the previous financial year as there was an almost 6-month delay before funds were disbursed in the 2017 / 2018 Financial year due to a General Election that occurred in August 2017.

Committee Observation

- 1602.** The Committee observed that there was no approval for the budget overrun of Kshs.4,779,536. The query was not addressed.

Committee Recommendation

- 1603.** The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the supporting documents for the over expenditure to the National Assembly.

3. Long Outstanding Imprest

- 1604.** The statement of assets and liabilities reflects outstanding imprest from an individual relating to the year 2009 amounting to Kshs.498,876. No reason or explanation was provided for non-surrender or recovery of the same contrary to Section 93 of the Public Finance Management (National Government) Regulations, 2015 which provides that a holder of a temporary imprest should account or surrender the imprest within 7 working days after returning to duty station and in the event of the imprest holder failing to account for or surrender the imprest on the due date, the Accounting Officer should take immediate action to recover the full amount from the salary of the defaulting officer with an interest at the prevailing Central Bank Rate. Consequently, the Management is in breach of the law.

Management Response

- 1605.** The Fund Account Manager submitted that the un-surrendered imprest arose due to the surrender documents being lost during the transfer of the Ugenya District Treasury from Siaya where it was previously domiciled to Ukwala in the year 2010. The officer in question has since retrieved the missing voucher and the matter dealt with conclusively before the close of the 2019 / 2020 Financial year.

Committee Observation

- 1606.** The Committee observed that the management did not provide supporting documents not attached to the surrender voucher and directed the Fund Account Manager to submit

supporting documents to the Committee and a copy to the OAG for verification within one week.

Committee Observation

1607. The Committee observed that there was no approval for the budget overrun of Kshs.4,779,536. The query was not addressed.

Committee Recommendation

1608. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the supporting documents to the National Assembly.

3.7.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1. Inaccuracies in the Statement of Receipts and Payments

1609. The statement of receipts and payments reflects opening balances on use of goods and services amounting to Kshs.17,163,734 and on other payments, nil balance. However, the balances reflected in the audited financial statements for the year ended 30 June 2019 were use of goods and services amounting to Kshs.19,023,012 and other payments amounting to Kshs.2,338,514 all totalling to Kshs.21,361,526 resulting to an unreconciled variance amounting to Kshs.4,197,792.

Management Response

1610. The Fund Account Manager submitted that, we have made the necessary adjustments to correct erroneous misstatements opening balances of use of goods and services.

Committee Observation

1611. The Committee observed that the issues were misstatement of opening balances. Management made necessary adjustments. The query was adequately addressed.

2. Inaccuracies in the Statement of Cashflow

1612. The statement of receipts and payments reflects a deficit amount of Kshs.17,012,280 whereas the statement of cashflow reflects a net increase in cash and cash equivalent amount of Kshs.(17,695,404) resulting to an unreconciled variance amounting to Kshs.683,134.

Management Response

1613. The Fund Account Manager submitted that we have made the necessary adjustments in the financial statements figure reconciled.

Committee Observations

1614. The Committee observed that there were an unreconciled variance amounting to Kshs.683,134 in the financial statements.

1615. The management informed the Committee that they made necessary adjustments in the financial statements for the subsequent year.

1616. They provided the supporting documents for audit verification and the query was adequately addressed.

3.7.8 AUDITED STATEMENTS FOR FINACIAL YEAR 2020/2021

1. Unconfirmed Balances

1617. Several balances reflected in the financial statements were not supported with sufficient appropriate evidence:

1.1 Transfers from National Government Constituencies Development Fund Board

1618. The statement of receipts and payments reflects transfers from National Government Constituencies Development Fund Board totaling Kshs.152,367,724, as further disclosed in Note 1 to the financial statements. However, re-computation of amounts reflected in the respective Authority-to-Incur-Expenditure (AIE) records yielded Kshs.150,367,724 resulting to an unreconciled variance of Kshs.2,000,000. In view of the discrepancy, the accuracy of transfers from National Government Constituencies Development Fund Board totaling Kshs.152,367,724 could not be confirmed.

Management Response

1619. The Fund Account Manager submitted that we agree with this observation and will undertake to do a prior year adjustment of Kshs.2,000,000.

Committee Observation

1620. The Committee observed that the query was adequately addressed.

2. Other grants and other payments

1621. The statement of receipts and payment reflects other grants and other payments totaling Kshs.59,924,937, as further disclosed in Note 7 to the financial statements. However, the following payments totaling Kshs.10,826,341 included in the balance were not supported with sufficient records; As a result, the accuracy of other grants and transfers totaling Kshs.59,924,937 could not be confirmed.

Response	Expenditure Item	Unsupported Amount (Kshs)
	Security Projects	3,450,000
	Sports Projects	3,281,000
	Emergency Projects	4,095,341
	Total	10,826,341

Management

1622. The Fund Account Manager submitted that management have attached the necessary documentation to support expenditure.

Committee Observation

1623. The Committee observed that the management provided supporting documents for audit verification. The query was adequately addressed.

3. Project Management Committee Bank Balances

1624. Note 17.4 to the financial statements reflects Project Management Committee bank account balances totaling Kshs.10,716,301 as at 30 June, 2021, as further disclosed at Annex 5 of the financial statements. However, the bank account balances for the thirty accounts were not supported with bank balance confirmation certificates. As a result, the accuracy and existence of the Project Management Committee bank accounts balances totaling Kshs.10,716,301 could not be confirmed.

Management Response

1625. The Fund Account Manager submitted that management have complied with observation made by the auditor and we have availed account balances as required.

Committee Observation

1626. The Committee observed that the certificate of bank balances had not been availed for audit review. The query was not addressed.

Committee Recommendation

1627. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the certificate of bank balances to the National Assembly.

Basis for Conclusion

4. Failure to report emergency projects

1628. Examination of records on other grants and other payments indicated that Kshs.10,310,117 was incurred on emergency projects in the year under review. However, contrary to Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016, Management did not report to the Board the expenditure on emergency projects. The Regulation requires that any use of the emergency reserve to be reported to the Board within thirty days of the occurrence of the emergency. In the circumstances, Management was in breach of the law.

Management Response

1629. The Fund Account Manager submitted that we agree with the observation that the emergency projects were not reported to the Board within the required 30 days. We give an undertaking that this will not be repeated.

Committee Observations

1630. The Committee observed that the during the period under review management did not comply with the NGCDF Regulations 2016 on provision of a report in the occurrence of an emergency.

Committee Recommendation

1631. The Committee recommends that the Accounting Officer should at all times comply with Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016.

5. Irregular reallocation of funds

1632. Examination of records on transfers to other Government units indicated that a grant amounting to Kshs.2,500,000 disbursed to Ugamba Secondary School for construction of two (2) classrooms and two (2) blocks of three-door pit latrines in the 2018/2019 budget were instead spent on purchase of land. However, contrary to Regulation 25(2) of the National Government Constituencies Development Fund Regulations, 2016, the reallocation was made without Management's approval. In the circumstances, the Project Management Committee acted in breach of the law.

Management Response

1633. The Fund Account Manager submitted that this issue was rectified in the subsequent financial year the school was able to put up the required classrooms as indicated in the Code-list for 2022/2023 Financial Year. We have asked the PMC to regularise the project by providing the required documentation.

Committee Observation

1634. The Committee observed that the approvals for reallocation was availed. The query was adequately addressed.

6. Unbudgeted Expenditure

1635. Expenditure records indicated that the Fund spent Kshs.700,000 on fencing and purchase of furniture for Ugenya National Treasury Office in spite of the project not having been budgeted for. In addition, authority to reallocate funds to the project and payment vouchers for the expenditure were not provided for audit review. The funding of the project was done contrary to Regulation 25(2) of the National Government Constituencies Development Fund Regulations, 2016. The Regulation provides that a Constituency Committee shall not incur expenditure unless such expenditure is supported by an approved work plan and budget. In the circumstances, Management was in breach of the law.

Management Response

1636. The Fund Account Manager submitted that this arose due to a break in that occurred at the National Treasury requiring us to work urgently to secure the assets including Ugenya

NGCDF Documents. This was an emergency project which was not charged to the correct vote. We undertake to reclassify it.

Committee Observation

1637. The Committee observed that supporting documents were availed for audit verification. The query was adequately addressed.

7. Delay in implementation of projects

1638. The Project Implementation Status report indicated that, the Fund had planned to implement ninety-one (91) projects allocated with an aggregate budget of Kshs.133,088,879. The report indicated that sixty-five (65) projects costing Kshs.103,311,995 were completed in the year under review, six (6) allocated Kshs.16,039,191 were ongoing and twenty (20) allocated Kshs.17,737,694 had not started. In view of the delay in completing the twenty-six (26) projects, the services and other benefits the projects were expected to provide to the residents of Ugenya Constituency were not realized.

Management Response

1639. The Fund Account Manager submitted that these projects are all complete. The delays arose due to the delayed disbursement of funds from the National Treasury. All the projects were completed in the subsequent financial year.

Committee Observation

1640. The Committee observed that the delays in project implementation were due to the delayed disbursement of funds from the National Treasury. The query was addressed.

3.7.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1. Under provision of employee gratuity

1641. The Fund recruited fourteen (14) employees during the financial year under review on contract for twelve (12) months. Review of the employees' contracts revealed that the terms of service included payments of 10% gratuity upon expiry of contract period. However, the gratuity provided for in the contracts was contrary to statutory requirement of 31% for state officers engaged for short periods of service. Further, review of employee costs revealed that nine (9) employees were paid Kshs.300,000 as gratuity after the end of contract period instead of Kshs.930,000. In addition, the Management did not make a provision for the gratuity not paid although the employees had been engaged since 2018. Further, the same was not disclosed in the statement of assets and liabilities as provided for by the financial reporting guidelines and templates issued by the Public Sector Accounting Standards Board. In the circumstance, the accuracy and completeness of the financial statement could not be ascertained.

Management Response

1642. The Fund Account Manager submitted that we stand guided on the statutory requirement of 31% gratuity instead of the 10% we had set. This was caused because the employment status

of NG-CDF staff was not clear as per the public service grading structure was not clear. The new staff contracts issued after August 2022 reflect a 31% gratuity rate as indicated. We have made adequate provision for gratuity in the 2022 / 2023 Financial year including arrears as indicated in the Project Proposal for 2022 / 23 FY).

Committee Observation

1643. The Committee was satisfied with the response and the query was adequately addressed.

2. Delay in implementation of projects

1644. The projects implementation status report for Ugenya Constituency revealed that the Management had planned to implement one hundred and three (103) projects with a funding allocation of Kshs.137,088,879 in the year under review. The report further indicates that sixty-eight (68) projects with an allocation of Kshs.35,701,454 or 26% of the planned projects had been completed, while thirty-five (35) projects with a funding allocation of Kshs.101,378,452 or 74% had not started or still ongoing as at the time of audit in March 2022. In the circumstance the constituents of Ugenya constituency did not realize fully the benefits as intended during the year under review.

Management Response

1645. The Fund Account Manager submitted that we agree with this observation. It was caused by delayed release of NGCDF Funds by the National Treasury. However, the funds were eventually released and all the projects were completed in the subsequent financial year.

Committee Observation

1646. The Committee observed that the projects were completed. The query is adequately addressed.

3. Lack of Bank Reconciliation statements for PMC Bank Balances

1647. Other important disclosures in Note 17 to the financial statements reflects Project Management Committees (PMC) accounts balances amounting to Kshs.16,861,809 as disclosed in Note 17.4 and detailed in Annex5 to the financial statements. However, bank reconciliation statements and other supporting documents such as cashbooks, bank statements and certificates of confirmation of bank balances were not provided for audit review contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015 which require that Accounting Officers to ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and, and submitted the National Treasury not later than the 10 day of the subsequent month and a copy submitted to the Auditor-General. Further, returns from the PMCs to the constituency committee were not provided for audit review hence, it was not confirmed whether the PMCs accounted for funds transferred to the respective accounts. This is contrary to Section 10 of the National Government Constituencies Development Fund Act, 2015 which requires project management committees to keep proper books of accounts and make returns to the

Constituency committee on how the sum has been used. In the circumstances, Management was in breach of the law.

Management Response

1648. The Fund Account Manager submitted that we agree with this observation and have put in place mechanisms to ensure that the PMC Bank Reconciliations are prepared and have taken the following steps to rectify the situation and ensure we comply with the law;

1. Where PMC's have the capacity especially in Secondary Schools with accountants and bursars, introduce a requirement that the PMC Bank reconciliations be part of the returns the PMC's make on a monthly basis for the duration of the Project.
2. Where PMC's do not have the capacity, the Ugenya NG-CDF Staff with assistance of the Sub-County Accountants office will undertake to prepare the Bank reconciliation for them.

1649. To avoid delays, the Fund Account Manager has been made an agent of all PMC Accounts for the purpose of receiving Bank Statements which was a major bottleneck in preparing the reconciliations.

Committee Observation

1650. The Committee observed that the management cited capacity issues to prepare bank reconciliations. The query was not addressed.

Committee Recommendation

1651. Within three (3) months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the reconciliation statements for PMC to the National Assembly.

3.8 KIENI CONSTITUENCY

1652. The Fund Account Manager for **Kieni Constituency** appeared before the Committee on Saturday, 30th November 2024, tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows:

3.8.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Unsupported payments for roads project payments.

1653. Kieni CDF management during the period under review disbursed Kshs. 13,976,960 to Kieni roads project implementation committee for implementation of various roads within the Constituency. However, the CDF management did not provide for audit verification the details or breakdown of how the amounts was spent and utilized. Further no project files procurement minutes, engineer's estimates on project costs, bank statements and other supporting documents were provided for audit verification. In the circumstances, the propriety of the expenditure incurred in these roads projects could not be ascertained.

Management Response

1654. The CDF management during the period under review disbursed funds to Kieni roads projects, at the time of audit the projects were in progress. The PMC had not yet submitted the returns back. The allocations of Kshs.13,976,960 were for the financial year 2012/2013.

Committee Observation

1655. The Committee observed that the management provided copies of the procurement minutes, engineer estimate, certificates for the projects, bank statements and expenditures supporting documents for audit verification. The query was adequately addressed.

2. Irregular procurement – construction of perimeter wall – Kieni CDF Offices

1656. During the year under review, Kieni CDF management procured services for construction of perimeter wall around their services at Mweiga. The contractor was awarded to M/S Mukoro Out let at contract sum of Kshs.4,625,913. It was observed that the contract sum exceeded the threshold of Kshs.4,000,000 for open tender as stipulated by the public procurement and disposal Act and its 2013 regulation. However, the fund management did not produce any document to show the invitation for tenders was advertised at least twice in a newspaper of general wide circulation.

1657. Further, the engineer's estimates for this project was not provided for audit verification. The CDF management was in breach of procurement regulations.

Management Response

1658. The procurement of services for the construction of the perimeter wall around the offices at Mweiga was advertised in the local Public office notice boards to solicit for tenders for the CDF management gave exclusive preference to the local contractors who operate within the region as per Public Procurement and Disposal Act 2005 (Section 39 4(C) and Public Procurement and disposal regulations (2013) Section 10 which was within the prescribed regions, that is, constituencies.

Committee Observation

1659. The Committee observed that the management submitted a copy of the advert and the engineers' estimate for audit review. The query was adequately addressed.

3. Irregular engagement of employees

1660. The Kieni CDF office, engaged services of 15 contracted employees at cost of 2,287,656 during the year under review. However, the CDF Act 2013 only allows for a maximum of 5 staff to be employed in the fields of information and communication technology, construction and basic accounting. Therefore, Kieni CDF management was in contravention of Section 24(17) of the CDF Act, 2013.

1661. Further, the financial statements show a balance of Kshs.2,352,156 in respect of compensation of employees for the year ended 30th June 2014. However, the supporting ledger and schedules showed a balance of Kshs.2,277,732 resulting to a difference of Kshs. 74,424 which was not explained or reconciled.

Management Response

1662. With the vastness of Kieni Constituency, comprising of Kieni East sub county and Kieni West sub county operating two offices in each respective sub county, it necessitated the hiring of the large number of staff a total of 15 staff, as per their need. This is provided for by the CDF (amendment) Act 2013 section four by amending section 24(17) by deleting the words "not exceeding five in number appearing". Further, the management acknowledge the error in the ledger by Kshs.74,424 which have been amended accordingly.

Committee Observation

1663. The Committee observed that the management submitted a copy of the act and the amended schedules for audit review. The query was adequately addressed.

4. Unsupported Committee Expenses

1664. The statement of receipts and payment as at 30th June shows an expenditure of Kshs.3,383,025 in respect of committee expenses. However, these expenses and allowances were not supported by ledgers, attendance register and schedules. In the circumstances, the

accuracy and propriety of the committee expenses balance of Kshs.3,383,025 for the year ended 30th June 2014 could not be confirmed

Management Response

1665. The attendance register and the payment schedules to support the expenditures have been submitted.

Committee Observation

1666. The Committee observed that the management provided the attendance register and the payment schedules for audit review. The query was adequately addressed.

3.8.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1. Unsupported other grants and other payments

1667. Statement of receipts and payments reflects other grants and transfers of Kshs.55,996,287.50 for the year ended 30th June 2015. Included in this balance is sports expenses of Kshs. 1,500,000 that was not supported. Consequently, we could not ascertain the accuracy grants and transfers balance of Kshs. 55,996,287.50 for the year ended 30th June 2015.

Management Response

1668. The balance included of Kshs. 1,500,000 which related to disbursement for sports expenses.

Committee Observation

1669. The Committee observed that a copy of the summary of the expenditure and approved code list to support the allocation was availed for audit review. The query was adequately addressed.

2. Irregular procurement for works

1670. During the year under review, the CDFC awarded contracts totaling Kshs. 2,100,000 comprising of the following: Construction of Pit latrine in Endarasha Primary School for Kshs. 500,000 and construction of one classroom in Karichuta Primary school for Kshs. 1,600,000. However, in both cases, CDFC did not provide quotations from different contractors to ascertain whether the contracts were properly awarded. As at the time of the audit, the works were completed and the contractors had already been paid the amounts. However, the completion certificates for the works done were not provided for audit verification. Consequently, we could not ascertain the value for money for the two contracts.

Management Response

1671. During the year under review the CDFC disbursed funds to Endarasha Primary School of Kshs.500,000 for pit latrine construction and Karichuta Primary School of Kshs. 1,600,000

for construction of classroom. At the time of audit, the PMC had not submitted the returns to the office.

Committee Observation

1672. The Committee observed that the query was adequately addressed.

Other Matter

3. Overall Budget analysis

1673. Review of summary statement of appropriation revealed 50% and 46% overall budget utilization on receipts and expenditure respectively. The analysis reflects that the CDF incurred an under expenditure of Kshs. 87,540,297.30 or 46% of the approved budget of Kshs. 189,986,794.50. The low utilization of the budget was attributed to delay in disbursement of funds by the CDF Board.

Management Response

1674. The low utilization of the budget was attributed to delay in disbursement of funds by the CDF Board.

Committee Observation

1675. The Committee observed that the query was adequately addressed.

4. Under expenditure on the budgeted funds.

1676. The CDFC budgeted to undertake 71 projects under the transfer to other government entities amounting to Kshs. 104,235,417. However, no project was completed, 24 were on going while 47 had not started as at the year end. From the analysis above, management should ensure that the rate of project implementation is accelerated to ensure that the residents enjoy the benefits of CDF funds.

Management Response

1677. The delay in implementation was attributed to delay in receipts from the CDF board, but the management is putting more efforts to ensure implementation is accelerated to ensure that the residence enjoy the benefits of the fund. However, management managed to implement the projects after release of fund from the Board.

Committee Observation

1678. The Committee observed that the query was adequately addressed.

5. Budget Compliance

1679. The CDF Received Kshs. 95,751,377 during 2014/2015 financial year including Kshs. 3,410,000, Kshs. 45,976,003 and Kshs. 36,365,374.50 relating to 2010/2011, 2011/2012 and 2013/2014 respectively. However, the CDFC did not comply with the laid down allocations

percentages as stipulated in the CDF Act. The CDFC seemed to have overspent in some items as tabulated below.

Category	Actual Amount	Recommended %	Actual %	Variance
Administration	7,609,084.70	6%	8%	-2%
Monitoring and evaluation	2,449,500.00	5%	3%	2%
Bursary and Mocks	20,908,700.00	25%	22%	3%
Emergency	-	5%	0%	5%
sports	1,500,000.00	2%	2%	0%
Projects	71,323,007.00	57%	74%	-17%
Total	103,790,291.70	100%	108%	-8%

Management Response

1680. The CDF had an over spent on administration and projects of 2% and 17% respectively. As at the beginning of the financial year 2014/2015 the cash book balance had a balance of Kshs.5,362,274.30.This related to funds allocated in 2013/2014 for administration but were utilized in the financial year 2014/2015 hence there was an overlapping and overflow of expenditure to the year under audit leading to overspending on the votes.

1681. During the financial year 2014/2015, several reallocations were sort from the CDF board hence causing over expenditure out of the budgeted allocation of the projects.

Committee Observation

1682. The Committee observed that the query was adequately addressed.

3.8.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1. Unsupported bursary awards and disbursement

1683. Other grants and transfers balance of Kshs. 44,256,120 reflected in the statements of receipts and payments for the year ended 30th June 2016, includes disbursement of Kshs. 15,557,100, Kshs.4,809,300 and Kshs. 180,000 for bursary-secondary schools, bursary tertially institutions and bursary special schools respectively totaling to Kshs. 20,546,400 made to various schools and colleges. However, acknowledgement letters/ receipts from institutions hat received the funds were not made available for audit review to confirm whether the bursaries were received and accounted for. Consequently, it has not been possible to confirm whether the bursaries awarded during the year under review reached the intended beneficiaries and were properly accounted for.

Management Response

1684. The CDFC under other grants and transfers disbursed a total of Kshs. 20,546,400 in respect to bursaries to various schools and colleges. At the time of audit many of the institution had not submitted back receipts /acknowledgment letters in respect to their bursaries. In addition, other beneficiaries had delayed in submission of the cheques to their respective institutions.

Committee Observation

1685. The Committee observed that the query was adequately addressed.

2. Bank balances

1686. The statements of financial assets reflects a bank balance of Kshs. 10,995,502 as at 30th June 2016. However, the bank reconciliation statements presented includes un presented cheques totaling to Kshs. 2,795,205, that were stale as at 30th June 2016. No reason was provided for the failure to reverse the cheques in the cashbook. Consequently, the accuracy of bank balance of Kshs. 10,995,502 as at 30th June 2016 could not be confirmed.

Management Response

1687. The stale cheques of Kshs. 2,795,205 remained in the bank reconciliation statement as Sub County Treasury was awaiting for the approval of the NG CDFC members, however they were reversed and replaced in the subsequent financial year upon the presentation of new beneficiaries by the committee. Appropriate action has been taken on the cash book.

Committee Observation

1688. The Committee observed that the query was adequately addressed.

Other Matter

3. Budget Performance

3.1 Overall Budget execution

1689. Review of the statement on budget appropriation for the year under review revealed 43% and 38% overall budget utilization and receipts and expenditure respectively. The statement reflects actual receipts of Kshs. 99,597,372 against the budgeted amount of Kshs. 231,859,070 resulting to a shortfall of Kshs. 132,261,372. Further the CDF incurred an expenditure of Kshs. 88,403,474, 38% of the approved budget of Kshs.231,859,070 resulting in an under expenditure of Kshs.143,455,597. The Underutilization of the budget was not explained. Delay in completion of projects and poor budget execution which translates to under spending denies residents benefits due from projects and increase risk of escalation of projects costs.

Management Response

1690. The underutilization was as a result of delay in the receipts from the CDF Board resulting to under expenditure from the expected budget. The breakdown of disbursements were received as follows:

Date	AIE No.	Amount
13/11/2015	A724040	42,117,712
02/02/2016	A820922	52,117,712

Committee Observation

1691. The Committee observed that the query was adequately addressed.

3.2 Expenditure on development projects

1692. Kieni CDF had a budget of Kshs.100,492,920 for development vote during the year under review as their project's proposal documents for the year. However, audit verification of the project implementation report as at 30th June 2016 revealed that the CDF office spent Kshs. 73,532,850 during the year resulting to under expenditure of 26, 960,070 or 26% of the approved budget. Further the management had budgeted to implement a total of 69 projects but as at 30th June 2016, 76 projects 16 more than the number budgeted for had been completed while 12 were on going as evidence in the table below.

project category	No. of budgeted	no. completed	no. ongoing	budget Kshs.	Actual Expenditure	Variance Kshs.	Variance (%)
Transfer to other government entities	36	31	5	41,500,000	20,143,972	21,356,028	51%
other grants and payments	33	45	7	58,992,920	53,388,878	5,604,042	9%
Total	69	76	12	100,492,920	73,532,850	26,960,070	27%

1693. Management did not explain the reasons for the 16 additional projects that were implemented but had not been budgeted for.

Management Response

1694. Management concurs with your observation and wish to state that, the number increased as the budgeted number related to projects allocated in only in 2015/2016 of which the projects funded related to financial year 2014/2015 as per the list attached.

Committee Observation

1695. The Committee observed that the query was adequately addressed.

4. Unconfirmed expenditure on project implementation

1696. During the financial year under review, Kieni CDF procured, awarded to various contactors and implemented various projects totaling to Kshs. 7,915,000 in value as shown below.

Project	Amount Kshs.	Missing documents
Njoguini Nganoini Jua Kali Road	850,000	Bank statements, completion certificate from the CDF engineer
Maina Cocacola finolo road	800,000	No file was maintained detailing procurement processes, BOQs, receipts of expenditure, completion certificate and bank statements
Njira ya Ndemu Mwalimu road	900,000	Bank statements
Warazo Graceland road	750,000	No file was maintained detailing procurement processes, BOQs, receipts of expenditure, completion certificate and bank statements
Kiambirira road mastima	800,000	as above
Warazo polytechnic kiama road	1,600,000	as above
Murungaru kanene view point road	765,000	as above
Kabaru Boda Boda shed	250,000	as above
Gatarakwa boda boda shed	250,000	as above
Thegu Boda boda shed	250,000	as above
Narumoru stadium	700,000	as above
Total	7,915,000	

1697. However, records relating to the projects including expenditure returns and minutes of expectation and acceptance committee reports were not provided for audit verification. It was

therefore not possible to confirm the propriety of the expenditure incurred and whether work done achieved value for money.

Management Response

1698. The Project Management Committee of the project had not submitted the expenditure reports during the period under audit. Copies of the records relating to the expenditure of the various projects have been provided by the respective Projects Management Committee and have been availed to the auditor for review.

Committee Observation

1699. The Committee observed that the query was adequately addressed.

5. Irregular valuation of Murungaru Kanene project

1700. During the financial year under review, Kieni CDF allocated Kshs. 765,000 to repair Murungaru Kanene Road. The bills of quantities presented for audit verification indicates that 2km road was to be graded and topped with murram. However, documents availed during site visit revealed only 1.1 km had been graded i.e., 0.9 km was not worked on as contacted. Consequently, it has not been possible to confirm that value for money was obtained from the expenditure of Kshs. 765,000 incurred under the contact.

Management Response

1701. The project had been allocated Kshs.765,000 in the financial year 2014/2015 for repair of the road of 2 km. The amount allocated was able to repair up to 1.1 km of the road due to delays from date of allocation to the date of implementation leading to escalation of costs during implementation. The NG-CDFC had repaired the road as per the allocation available.

1702. Since now the activity of road maintenance is no longer a function of NGCDF, the portion remaining would not be allocated more funds as the project does not fall under the function of the national government.

Committee Observation

1703. The Committee was not satisfied with the management response. The query was not addressed.

Committee Recommendation

1704. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the bill of quantifies for PMC to the National Assembly.

6. Construction of C.C.M Primary School – poor workman ship

1705. The Kieni CDF disbursed Kshs. 2,000,000 to CCM primary school in the financial year 2015/2016 for construction of two classrooms. A site visit on January, 2017 showed that the project was done to completion. However, the classroom had cracks on the walls and floors signifying poor workmanship. In addition, no engineer's certificate were provided for audit verification. Further the CDF did not retain the mandatory 10% of the project cost for cost of substandard work executed by the contractor. In the circumstances, the propriety of the expenditure of Kshs. 2,000,000 could not be confirmed.

Management Response

1706. The project had been implemented by the Project Management Committee through casual labor, hence could not set aside the retention monies. The PMC were notified to through the written communication to recall the fundi who had been engaged to rectify the works and the works of rectification was done. In addition, the County works officer has been notified to inspection the rectification of the classrooms and currently the repair work was done and the classes are in use.

7. Stalled Projects

1707. During the financial year under review, the CDF implemented two projects namely: construction of Charity Assistant Chiefs office and Tagwa Police Post at Kshs. 800,000 and Kshs. 1,200,000 respectively totaling Kshs.2,000,000. However, review of documents availed for audit and a visit to the respective site revealed that the projects had stalled at approximately 30% level of completion, yet the budgeted funds were paid in full. Bills of quantities from the ministry of works from the projects budget may have been drawn were not presented for audit verification. Consequently, it has not been possible to confirm that value for money was obtained on the expenditure of Kshs. 2,000,000 spent on the project.

Management Response

1708. During the year under review the CDF implemented Charity Assistant chiefs office and Tagwa Police post at Kshs. 800,000 and Kshs. 1,200,000 respectively. The amount was not enough to complete the projects. The projects were allocated funding in the subsequent financial year for completion.

Committee Observation

1709. The Committee observed that the query was adequately addressed.

3.8.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

Other Matter

1. Bank Balance - Stale Cheques

1710. The statement of assets reflects bank balance of Kshs. 3,129,598 as at 30th June 2017. However, a review of the bank reconciliation statement reflects payments of Kshs. 12,536,821 in cash book not recorded in bank statements which include stale cheques totaling Kshs. 1,564,317. No reason has been provided for failing to investigate the cheques or having them credited back in the cashbook.

Management Response

1711. The stale cheques related to bursary, required other beneficiaries to be identified for award. The stale cheques have been cancelled and replaced in the subsequent year 2017/2018 financial year.

2. Prior Year adjustment

1712. The statement of financial assets as at 30th June, 2017 reflects prior year adjustment of Kshs. Kshs.701,861 which comprised of credit adjustment of Kshs. 198,723 and debit adjustment of Kshs.900,583 in respect reversal of cancelled cheques in to cashbook. However, detailed listing of the cheques and dates of the reversals was not provided for audit review. In circumstances the accuracy of the prior year adjustment of Kshs. 701,861 as at 30th June 2017 could not be confirmed.

Management Response

1713. Management totally agree with the observation. The detailed list of the cancelled cheques being debit in the cashbook in respect to the reversals and detailed list of the under cast payment being credit in the cashbook is hereby attached for audit review.

Committee Observation

1714. The Committee observed that the query was adequately addressed.

3. Expenditure on development projects

1715. The Kieni NGCDF had a budget of Kshs. 183,014,282 for development vote during the year under review. However, audit verification of the project implementation report as at 30th June 2017 and physical inspection of the project revealed that the office spent Kshs. 143,466,229 during the year resulting to under expenditure of Kshs. 42,549,053 or 30% of the approved budget.

Item	Budgeted amount Kshs	Actual Amount Kshs.	Variance Kshs.	No. of Projects Budgeted	No. of project completed	Projects not started	% projects completed

Educ ation	64,881,379	48,156,000	16,725,379	65	44	21	68
Educ ation not in the code list	-	16,661,432		0	21		-
Healt h	3,250,000	3,250,000	-	4	4	-	100
Secur ity	31,650,000	22,748,376	8,901,624	34	25	9	74
Bursa ry	48,082,083	31,479,163	16,602,920			-	65
water	7,594,265	6,174,208	1,420,057	7	6	1	86
sport s	3,846,566	3,846,566	-	2	2	-	100
Envir onme nt	3,846,566	2,208,634	1,637,932	16	8	8	50
social secur ity progr am	6,649,656		6,649,656	1	-	1	-
Emer genc y	9,862,474	6,186,950	3,675,524	6	5	1	83
Other grant s and transf ers	3,442,163	750,000	2,692,163	3	1	2	33
acqui sition of assets	2,909,130	2,003,900	905,230	1	-	1	69
Total	186,014,282	143,465,229	59,210,485	139	116	44	

1716. The management had budgeted to implement a total of 139 projects during the year of which 116 were completed and 44 had not started. However, included in the list of 21 project are additional projects that were implemented at cost of Kshs. 16,661,432 but had not been budgeted for. Management did not provide explanations for these additional projects.

Management Response

1717. The additional 21 projects relating to education were projects from request for reallocation for 2015/ 2016 financial year submitted and a copy of the request is hereby attached for your audit review.

Committee Observation

1718. The Committee observed that the management did not provide completion certificates and photos of the projects. The query was not addressed.

Committee Recommendation

1719. The Committee recommends that within three months upon adoption of this report and in accordance with Section 53 (1) of the Public Audit Act, Cap.412B, the Accounting Officer should submit the completion certificates and photos of the projects to the National Assembly.

4. Unprocedural cash purchases

1720. The statement of receipts and payment for the year ended 30th June 2017 reflects use of goods and services balance of Kshs. 11,363,788 which includes cash payments for goods and services amounting to 489,900. However, examination of records revealed that the value of goods and services exceeded Kshs.5,000 threshold for low value procurement. This was against recommended cash purchases threshold of Kshs. 5,000 contrary to Public Procurement And Disposal Act, 2015. The Management was therefore in breach of law.

Management Response

1721. The cash purchases under use of goods and services related to various items required during monitoring and project visits. However, the NGCDFC has noted of this clause in procurement Act and has adopted to use the procurement plan in the sub sequent financial year to avoid such occurrences.

Committee Observation

1722. The Committee was satisfied with the response and therefore, the query is addressed.

5. Unprocedural expenditure on repairs

1723. Included in the use of goods and services balance of Kshs. 11,363,788 in an expenditure of Kshs. 1,966,200 in respect of motor grader CAT 140H. Audit verification revealed that there is no report from the mechanical department before and after the repairs were done. In

circumstances, the regularity of the expenditure of Kshs. 1,966,200 for the year ended 30th June 2017 could not be confirmed as correct charge to public funds.

Management Response

1724. The NG-CDF had requested but had not corrected the inspection report before repair from the ministry of transport and infrastructure and also re- inspection report from the ministry of transport, infrastructure, housing and urban development, state department of infrastructure during the period under review.

Committee Observation

1725. The Committee observed that the query was adequately addressed.

6. Irregular procurement of strategic plan

1726. Included in other grants and other payment balance of Kshs. 73,393,897, Kshs. 1,800,000 payment to a consultancy firm for the preparation of strategic plan. Records shows that the consultancy was procured through request for quotations yet the value of services exceeded Kshs. 500,000 threshold prescribed under class c of the procurement where the CDF entities falls. Therefore, the award was made contrary to section 105 of the Public Procurement And Asset Disposal Act, 2015 and Legal Notice no. 106 of 2013. Further, contract agreement for the consultancy was not provided for audit review. Consequently, it has not been possible to confirm whether the CDF obtained value for money on the expenditure.

Management Response

1727. The NGCDF considered the procurement of the consultancy firm for the preparation of strategic plan as a service work that is readily available in the market, hence used the request for quotation method as per section 105 of the public procurement and asset disposal Act, 2015 and legal notice no. 106 of 2013

(The contract agreement for the consultancy between the firm and the NGCDF is attached for your audit review.

Committee Observation

1728. The Committee observed that the query was adequately addressed.

7. Procurement of boda boda training

1729. Included in the other grants and other payments of Kshs. 73,393,897 is bursary secondary schools of Kshs. 31,479,163 as disclosed in note 7 to the financial statements which out of Kshs. 6,930,000 was paid to safelink driving school for training of boda boda operators .Similar and as indicated above the procurement of the service was through request for quotation method instead of open national tendering process yet the value of the service exceeded Kshs. 2,000,000 threshold prescribed under class C of the procurement where the

CDF entity falls. The procurement was therefore done in contravention of section 105 of the public procurement and asset disposal Act 2015. Further the CDF office did not prepare annual procurement plan in accordance with the same act. In the circumstances, it has not been possible to confirm whether the CDF obtained value for money on the expenditure of Kshs. 6,930,000 incurred on the training.

Management Response

1730. The procurement of services for the boda boda training was advertised in the local Public office notice boards to solicit for tenders for the CDF management gave exclusive preference to the local service provider who operate within the region as per Public procurement and disposal act 2005 (Section 39 4(C) and Public Procurement and disposal regulations (2013) section 10 which was within the prescribed regions, that is, constituencies.

It was opinion of NGCDF that if it was beyond the local sourcing it would be costly to train the identified beneficiaries due to distance and other associated cost.

Having said that, the Boda boda training program was considered by the NGCDFC as bursary award to students in tertiary institution, It was done through the bursary program through application forms.

Committee Observation

1731. The Committee observed that the query was adequately addressed.

3.8.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1. Basis of Opinion

1732. Included in other grants and transfers payment of Kshs 40,104,563 and as further disclosed in note 7 to the financial statements is an amount of Kshs. 13,900,000 incurred on security projects, out of which disbursement of Kshs. 333,010 and Kshs. 1,400,000 were disbursed towards implementation of Kiamthaga AP camp and Kairi Assistant chiefs office for the construction of staff houses and purchase of land respectively. However, physical inspection carried out in December 2018 revealed that the funds were disbursed to the respective project management committee (PMCs) No satisfactorily explanation has been given for failure to utilize the funds.

Management Response

1733. The construction of the staff was at planning stage; however, the staff house is complete. Additionally, Kairi Assistant chief's office allocation for the purchase of land was awaiting approval for change of activities form the NGCDF Board. However, the approval request was given to complete the office and was implemented to completion.

Committee Observation

1734. The Committee observed that the query was adequately addressed.

3.8.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1. Variances In Net Financial Assets And Net Liabilities.

1735. The statements of financial assets reflects net financial assets balance of Kshs. 19,869,476 as at 30th June 2019. The statement however reflects net liabilities balance of Kshs. 19,583,858 resulting to a variance of Kshs. 285,618. Further the statements heading erroneously reflects statements of financial assets instead of statement of assets and liabilities. No explanations was provided for this variances and anomalies. Consequently, the accuracy and completeness of the statements of assets and liabilities as at June 2019 could not be confirmed.

Management Response

1736. The variance reflected in the financial statements related to un paid gratuities of the NGCDFC staff. However, the amount financial statements were amended. The errors in the financial statements were noted and the financial statements have been amended.

Committee Observation

1737. The Committee observed that the query was adequately addressed.

2. Unexplained Prior Year Adjustments

1738. As disclosed under note 14 to the financial statements, the statements of financial assets as at 30th June 2019 reflects Kshs. 121,986. In respect of prior year adjustments relating to bank account during the year under review. However prior year adjustment may arise either as a correction of an error in the financial statements reported for a prior period change of accounting policy/ estimate from the previous year in accordance with public sector accounting standard (IPSAS).

1739. In the circumstances, this treatment does not conform to the international public sector accounting standard (IPSAS)3 and hence the accuracy of the statements of assets and liabilities as at 30th June 2019 could not be confirmed.

Management Response

1740. The prior year adjustment related to several adjustments made in the financial year 2018/2019 but related to transaction of 2017/ 2018 as follows:

ADJUSTMENTS	Dates	Cheq no.	Amounts Kshs.
Stale Cancelled cheques (folio 25)	28-Aug-18		80,206.90
Payment Overcast reversed (Folio 27)	19-Sep-18		9.00
unpaid cheques reversed	26-Jun-19	6417	2,200.00

unpaid cheques reversed	26-Jun-19	6382	35,350.00
unpaid cheques reversed	29-Jun-19	5914	1,200.00
Cheque underpayment	29-Jun-19	4793	0.50
Cheque underpayment	29-Jun-19	6106	3,000.00
cash book error overcast	29-Jun-19		20.00
Total			121,986.40

Committee Observation

1741. The Committee observed that the query was adequately addressed.

Other Matters

3. Budgetary control and performance

1742. The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 177,378,333 and Kshs. 122,337,457 respectively resulting to an underfunding of kshs. 55,040,876 or 31% of the budget. Similarly, the fund spent Kshs. 102,589,968 against an approved budget of Kshs. 177,378,332 resulting to an under expenditure of Kshs. 74,788,365 or 42% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Kieni Constituency.

Management Response

1743. The underfunding was due to the delay of disbursements from the National Treasury. The under absorption was due to late release of funds to the constituency and this led to the delay in absorption of the Funds. However, the funds were all received in the subsequent financial years and the various programmes were undertaken to completion.

Committee Observation

1744. The Committee observed that the under expenditure was occasioned by the late disbursement of funds by the National Treasury and the management had availed the AIE's showing the late release of funds to the Office of the Auditor General for audit verification. Further, the projects had all been implemented and in use. The query was adequately addressed.

4. Construction of dormitory at Narumoru Boys Secondary school

1745. As disclosed under note 6 to the financial statements, the statements of receipts and payments reflects transfers to other government entities of Kshs. 43,631,034 out of which Kshs. 21,700,000 relates to transfer to secondary schools. Included in the expenditures is an

amount of Kshs. 2,500,000 disbursed to Narumoru Boys secondary school for construction of dormitory and ablution block – foundation, walling and roofing only. Physical verification exercise conducted on 17th December 2019 revealed that the management varied the scope of work as provided in the bill of quantities and constructed a 100 student capacity dormitory without the ablution block. Although the fund management explained that the above was done in order to accommodate the 100% transition from primary to secondary schools as directed by the National Government, no evidence was provided to show that approval of the CDF Board was obtained. Further, physical inspection of the project revealed visible cracks on the walls due to poor workmanship by the contractor. As a result, the regularity and value of money of the expenditure of Kshs. 2,500,000. Incurred on the project during the year ended 30th June 2029 could not be confirmed.

Management Response

1746. The project had been allocated funds during the financial year 2017/2018 however the disbursement was done on 2018/ 2019. The project was quantified as whole to completion.
1747. During the implementation in the financial year 2018/2019, the project was allocated an additional funding of Kshs. 1,000,000 of completing the other part of ablution block. The management contracted contractor to undertake the project to completion, However due to the need to absorb and accommodate all the students admitted to the school, the management advised the contractor to complete the dormitory first including the finishes to make it usable as we await the disbursement of the funds to complete the other part of ablution block.
1748. Further the retention amount was withheld from the payment of the contractor, the identified cracks were repaired before the release of the retention money and certified by the works officer.

Committee Observation

1749. The Committee observed that the query was adequately addressed.

5. Unauthorized bursary rates

1750. As disclosed under note 7 to the financial statements, the statements of receipts and payments includes Kshs. 40,606,716 under other grants and transfers are payments of Kshs. 2,131,000 and Kshs. 4,781,200 and Kshs. 8,000 relates to bursary secondary schools, bursary tertiary institutions and bursary special schools respectively.
1751. According to the sub location committee minutes presented for audit, the beneficiaries were receiving bursaries ranging between Kshs. 2,000 and Kshs. 5000. However, scrutiny of the bursary beneficiaries revealed that some students were awarded bursary of higher amount ranging between Kshs. 10,000 and Kshs. 65,000 without explanation or any Justification.
1752. Consequently, it was not possible to confirm whether the bursaries were awarded equitable and within the existing guild lines.

Management Response

1753. In regard to the bursary policy, the NGCDFC had delegated the responsibility of the vetting and prioritization of the bursary beneficiaries at the sub location level. However, the responsibility of the amount awarded, was with the NGCDFC committee basing on order of priority of need in accordance to funds available. The beneficiaries that were awarded as per their need and the amount that was available for distribution for bursaries.

Committee Observation

1754. The Committee observed that the query was adequately addressed.

6. Unutilized Embaringo Administration Police post

1755. As disclosed also under note 7 to the financial statements, the statements of receipts and payments reflects other grants and other payments of Kshs. 40,606,716 which includes an expenditure of Kshs, 24,037, 930 in respect of security projects, out of which Kshs. 2,600,000 was for construction of Embaringo administration police post

1756. The project which was initiated in 2017/2018 financial year with a funding of Kshs. 2,000,000 entailed construction of four housing units for administration police with the scope of works being foundation, walling and roofing.

1757. Physical verification carried out on the project revealed that the construction was complete but the housing unit had not been handed over to the police officers for occupation. No explanation was provided for the delayed handing over of the project.

1758. Consequently, it was not possible to confirm that the project addressed the intended and identified needs.

Management Response

1759. Embaringo AP post project funded in the period under review consisted of the construction of staff houses to completion. The police officers could not occupy the facility as it required the construction of washrooms, and an office block since the administration police and regular police had been merged. However, the project was allocated funding for the construction of ablution block and office block in the subsequent financial year 2019/ 2020 which was constructed to completion and currently it's in use.

Committee Observation

1760. The Committee observed that the query was adequately addressed.

7. Similar contracts for construction of warazo Jet assistant chiefs office

1761. Statements of receipts and payments reflects other grants and other payments of Kshs. 40,606,716 which includes an expenditure of Kshs, 24,037, 930 in respect of security projects, out of which Kshs. 1,000,000 was in respect of an additional payment to an earlier payment of Kshs. 2,800,000 made in 2017/2018 for construction of warazo jet assistant chiefs office

1762. The project commenced in 2017/2018 financial year with an initial funding of Kshs. 2,800,000 while the additional Kshs. 1,000,000 disbursed during the current year under review for completion of office and toilet. A review of procurement records showed that the tender was awarded on 20th March 2019 to a local contractor at a contract sum of Kshs. 1,998,920

1763. However, a review of records relating to implementation of the project revealed that a similar tender had already been awarded to another contractor on 19th June 2018 at a contract sum of Kshs. 3,112,331 for construction of an exhaustible toilet and the assistant chief's office. No explanation was provided for awarding a similar contractor to two contractors. In the circumstances, it was not possible to confirm existence and execution of two difference works.

Management Response

1764. The allocation for construction of the 2016/2017 financial year of Kshs. 2,800,000 was for construction of office block which was to completion without the paintings and external finishes

1765. In the financial year 2018/2019, the project was allocated addition one million for construction of the public two door and an urinal and painting of the office block and was allocated to a different contractor as a separate project. Each tender was implemented separately to project management committee satisfaction.

Committee Observation

1766. The Committee observed that the query was adequately addressed.

3.8.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1. Presentation Errors in the Annual reports and Financial Statements

1767. The annual reports and financial statements prepared and presented for audit had not been dated. Consequently, the financial statements as presented do not comply with International public sector accounting standard no. 1 on presentation of financial statements and the Public Sector Accounting Standard Board Kenya guidelines and format.

Management Response

1768. The management has taken note of the omission of dates which is highly regrettable. However, the omission has been rectified and the document presented to the auditors for review.

Committee Observation

1769. The Committee observed that the query was adequately addressed.

2. Inaccurate bank balances

1770. The statement of assets and liabilities reflects a bank balances of Kshs. 8,570,359 as at 30th June 2020. However, included as part of reconciling items in the bank reconciliation statements were unpresented cheques amounting to Kshs 268,326 which were already stale as at 30th June 2020 and had not been reversed in the cashbook. No reason was given for failure to reverse the stale cheques or reconcile and clear the long outstanding items.

Management Response

1771. The Stale cheques of Ksh.268, 326 could not be replaced immediately because the sub county treasury was awaiting approval from the committee to reverse and issue the cheques to the new beneficiaries. The cheques were replaced in the subsequent financial years.

Committee Observation

1772. The Committee observed that the query was adequately addressed.

Other Matter

3. Budgetary Control and Performance

1773. The summary statement of appropriations - recurrent and development combined reflects receipts budget and actual on comparable basis of Kshs. 208,250,671 and Kshs. 137,999,197 respectively resulting in underfunding of Kshs. 70,251,474 or about 34% of the budget. Similarly, the fund expended Kshs. 130,576,783 against an approved budget of Kshs. 208,054,671 resulting to an under expenditure of Kshs. 77,477,888 or 37% of the budget. The underfunding and under performance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1774. The budget also approved proposal for the financial year under review whose funds were yet to be received from the NGCDF Board. The budgeted expenditure indicated included the cumulated balances from the previous year's whose projects implementation had been delayed due to the effects of Covid-19 pandemic whereby movements and activities in schools were restricted. At the time of the audit, some projects had been implemented while the others were implemented in the subsequent financial year.

Committee Observation

1775. The Committee observed that the query was adequately addressed.

4. Unresolved Prior Year Matters

1776. In the audit report of the previous year, several issues were raised under report on lawfulness and effectiveness in use of public resources. However, the management indicated that some of the issues had been resolved.

Management Response

1777. The issues raised in the previous years was Embaringo Administration Police Post where the project was yet to be put to use during the period of audit since the construction of the office block and ablution block was not yet completed.

1778. However, the projects were completed and are currently in use. The issues have been addressed; however, the management are awaiting invitation to appear before the committee.

Committee Observation

1779. The Committee observed that the query was adequately addressed.

Report on lawfulness and effectiveness in use of public resources

5. Poor workmanship in security projects

1780. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers of kshs. 70,693,274. Included in this amount is an expenditure of Kshs. 33,800,000 on security projects, which includes disbursements totalling Kshs. 11,800,000 for four projects

1781. Physical verification of the projects revealed poor workmanship in three projects with a budget of Kshs. 10,800,000 while one project with a budget of Kshs. 1,000,000 had stalled. As a result, no value for money has been realized in the implementation of these projects.

Management Response

i. Mweiga Police station

1782. Kieni NGCDF allocated Kshs.3, 000,000 for construction of Mweiga Police station office block. The project defects were noted; however, the defect liability period had not elapsed as the time of audit and the retention money had not been released. The contactor was notified, the County works officer had written the instruction and the repairs were done. The project is currently in use.

ii. Embaringo Police station

1783. An allocation of Kshs.3,900,000 was made during the year under review for construction of Embaringo Police station office block.

The project defects had been noted; however, the defect liability period had not elapsed and the retention money had not been released. The contactor was notified, the County works officer had written the instruction and the repairs were done. The project is currently in use.

iii. Naromoru Police station

1784. Kieni NGCDF allocated Kshs.3,900,000 for construction of Naromoru Police station. The project entailed Construction of office block to completion. The project defects were noted; however, the defect liability period had not elapsed and the retention money had not been released. The contactor was notified, the County works officer had written the instruction and the repairs were done. The project is currently in use

iii. **Construction of Ablution Block at Embaringo Police station**

1785. An allocation of Kshs. 1,000,000 was made to Embaringo Police station for the Construction of an ablution block.

1786. The project was funded and started however during implementation an incidence of an unidentified person was found dead near the site. The police were undertaking their investigation during the period of audit and the project implementation resumed as soon as the site was cleared. The project is currently in use.

Committee Observation

1787. The Committee observed that the query was adequately addressed.

6. Poor workmanship in schools projects

1788. The statements of receipts and payments and as disclosed in note 7 to the financial statements reflects other grants and other payments of Kshs. 70,693,274. Included in this amount is an expenditure of Kshs. 5,400,000 on emergency projects, out of which an amount of Kshs. 2,000,000 was disbursed to two schools for construction of an ablution block. However physical verification of the projects on 21st January 2021 revealed that construction works had not started at one school despite the fact the funds for the project had been disbursed. Further, the ablution block constructed at the other school had visible cracks on the floor and the painting works had started to peel off indicating poor workmanship. Consequently, no value for money has been realized in the implementation of these projects.

Management Response

i. **Mitero Primary School**

1789. Mitero Primary school management through their minutes dated 29th May 2020, had requested for boys' toilets and urinal citing that the toilets had been destroyed by rain water surface runoff from the public road nearby. The NGCDFC allocated Kshs. 1,000,000 to the school as an emergency project. Due to the effects of the Covid 19 whereby movements and activities in schools were restricted delaying in the planning and implementation. However, the project was started and completed.

ii. **Naromoru Mixed Secondary School**

1790. An allocation of Kshs.1,000,000 was made to Naromoru Mixed Secondary School as emergency for the construction of 8 door ablution block with a urinal The project defects were noted, however the defect liability period had not elapsed and the retention money had not been released. The contractor was notified, the County works officer had written the instruction and the repairs were done. The project is currently in use.

Committee Observation

1791. The Committee observed that the query was adequately addressed.

3.8.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1. Inaccuracy of cash and cash equivalents

1792. The statements of assets and liabilities reflects Kshs. 54,743,581 in respect of cash and cash equivalents. However, the bank reconciliation statements reflects Kshs. 54,680,505 as cash and cash equivalent resulting to variance of Kshs.63,076. In circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs. 54,743, 582 as at 30th June 2021 could not be confirmed.

Management Response

1793. The variance related to error of overpayment in the cash book during the year under review noted during the preparation of financial statements. This was corrected in the subsequent financial year 2021/ 2022 financial reports and financial statement as prior year adjustment.

Committee Observation

1794. The Committee observed that the query was adequately addressed.

Other Matter

2. Budgetary control and performance

1795. The summary statement of appropriation for the year ended 30th June 2021 reflects a revenue budget of Kshs. 218,115,712 and actual on comparable basis totalling Kshs 186,026,833 resulting to an underfunding of kshs. 32,088,879 or 15 % of the budget. Further, the summary statement of appropriation reflects approved expenditure budget of kshs. 218, 115, 712 and actual expenditure Kshs. 131,044,660 resulting to under expenditure of Kshs. 87,071,052 or 40% of the budget. The underfunding and under performance may have constrained execution of planned activities and delivery of services to Kieni constituents.

Management Response

1796. The under expenditure in the financial year relates to delay in disbursement of funds from the NGCDF board however the management has noted and will improve on requisition of funds from the NGCDF board. The disbursement was done in subsequent financial year out of which implementation of projects was done to bridge gap of underperformance.

Committee Observation

1797. The Committee observed that this is a recurring matter thereby addressing the query.

3. Delay in project implementation and completion time under environment

1798. Note 7 to the financial statements reflects a balance of Kshs. 65,064,011.00 in respect to other grants and other payments which included Kshs. 2,120,000.00 in respect to Environment projects which further includes Kshs. 1,855,000 transferred to various PMCs account for water harvesting, by purchasing of 10,000 litres water tanks at Kshs. 85,000.00 per tank,

construction of water tank stands at Kshs. 150,000.00 and fixing of gutters at Kshs. 30,000 per benefitting the institutions. However, audit verification of the projects on 6th April 2022 indicates that the projects had not been implemented. The eighteen (18) months delay in the implementation of the projects was not explained. In the circumstances, it was not possible to confirm that value for money was realized on the Kshs.2,120,000 payments for the environment projects.

Project	Amount Kshs.
Karundas Chiefs Office	265,000
Gatuanyaga Assistant Chiefs Office	265,000
Amboni Police Post	265,000
Endarasha Police Station	265,000
Narumoru Police Station	265,000
Kabendera Location Administration	265,000
Ndathi Police Station	265,000
Burguret Police Station	265,000
Total	2,120,000

Management Response

1799. The projects were funded under environment sector consisting of water harvesting and storage. The projects can only be implemented once the main office project is completed. The projects were under implementation stage hence water harvesting could not be done. The Management followed up with the completed project to have the water harvesting and storage activity done which is now completed.

Committee Observation

1800. The Committee observed that the query was adequately addressed.

4. Transfers to emergency projects

1801. As disclosed in Note 7 to the financial statements, the statements of receipts and payments reflects a balance of Kshs. 65,064,011.00 in respect to other grants and other payments. This includes Kshs.7,100,000.00 in respect to emergency projects which further includes Kshs.4,800,000 transferred to a secondary school PMC account for construction of dormitory which was gutted down by fire. However, by the time of audit verification in April 2022 the dormitory was not complete as the window panes had not been fixed and the building had several remedied cracks on the walls and yet the entire contract amount had been paid. In the circumstances, the value for money of Kshs. 7,100,000 incurred on emergency projects could not be confirmed.

Management Response

1802. The project consisted construction of a dormitory to completion, however the project had been done at total cost of Kshs. 4,799,420 as per the local service order no. 249. However, the payment was done as per the completed activities as follows:

- 1st Interim payment of Kshs. 3,280,900 as per invoice no. 70 dated 20th August 2021 and paid as per certificate no. 1 net of retention Income tax withholding and VAT withholding
- 2nd Interim payment of Kshs. 1,344,630 as per invoice no. 90 dated 15th October 2021 and paid net as per the certificate no.2 net of retention Income tax withholding and VAT withholding.
- Cumulatively the contractor has been paid Kshs. 4,625,530 as per the ministry of public works variation report leaving a balance of Kshs. 173,890 for the remaining uncompleted works.
- In addition the project committee has retained 10% for every payment as per the variation report to cater for any defects that may arise before expiry of six months after completion of the project. Hence the defects have been noted and were corrected before the retention money is paid

1803. The remaining works which included fixing of window panes and painting required the project have proper curing of the plastered walls before embarking on the foresaid remaining works.

1804. However, the works could not be completed immediately given that the national exams, KCSE were going on in the month of March, hence not done during the period under audit. The Contractor was later called to site to complete the remaining works and correct the defects as per the agreement.

Committee Observation

1805. The Committee observed that the query was adequately addressed.

3.8.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

Other matter

1. Budgetary Control Performance

1806. The summary statement of appropriation for the year under review reflects a revenue budget of Kshs. 225,939,743 and actual on comparable basis totaling to Kshs. 199,355,996 respectively resulting to an underfunding of Kshs 26,583,747 or 12% of the approved budget. In the circumstances, the planned activities and may not have been carried out as planned due to the underperformance impacting negatively on service delivery to public.

Management Response

1807. The underperformance of the budget was as result of delay in the disbursement of funds from the NG-CDF board to ensure timely disbursement of the funds and subsequent implementation of the planned activities.

Committee Observation

1808. The Committee observed that the query was adequately addressed.

2. Unresolved prior year matters

1809. As previously reported in the financial year 2021/2021, matters raised in the audit report were indicated as resolved in annex 6 progress on follow up on prior year audit recommendations. However, no information was provided to indicate if the matters were resolved or not as at 30th June, 2022. In the circumstances, the matters remain unresolved.

Management Response

1810. The matters raised in the report of the financial year 2020/2021 audit report were addressed by the office and the responses have been supported to the office of the auditor general, awaiting presentation to Special funds accounts committee for them to be resolved.

Committee Observation

1811. The Committee expressed satisfaction with the response and supporting evidence presented, and the query was adequately addressed.

Report On Lawfulness And Effectiveness In Use Of Public Resources

3. Delayed construction of school's infrastructure

1812. Note 6 to the financial statement reflects Kshs. 67,000,000 in respect to transfers to Other government Note 6 to the financial statement reflects Kshs. 67,000,000 in respect to Transfers to Other Government Units which include Kshs. 42,000,000 and Kshs. 25,000,000 in respect to transfer to primary and secondary schools respectively, which further includes Kshs. 6,200,000 was disbursed to various project management committees on diverse dates for construction of various schools' infrastructure. However, as at the time of audit in March 2023 more than eight (8) months after the funds were disbursed the projects had not been started. In the circumstances, the value for money for Kshs. 6200,000 disbursed in the year ended 30th June 2022 could not be confirmed.

Management Response

1813. The delay was as result of education school program where the projects to be implemented required interference with the school learning session. However, the projects was subjected to procurement process and the contractors were identified to carry out the implementation. The projects status is as follows:

Project name	Activity	Amount	Status
Mweiga secondary school	Construction of 10door toilet with a unit for PLWD	1,200,000	Project completed and in use

Kinyaiti Secondary school	Construction of one class to completion	1,500,000	Project completed and in use
Chaka primary school	Renovation of classrooms	1,000,000	Project completed and in use
Maragima Secondary school	Construction of dining hall	3,500,000	Project completed and in use
Total		6,200,000	

Committee Observation

1814. The Committee expressed satisfaction with the response and supporting evidence presented, and the query was adequately addressed

Other Grants And Other Transfers

4. Delayed residence renovation and construction of offices

1815. Note 7 to the financial statements reflect Kshs.118,912,180 in respect to Other Grants and Other Transfers which includes Kshs.53,600,000 in respect to security projects which further includes Kshs.11,000,000 disbursed for renovation of DCC's Kieni east at Kshs. 1,000,000 residence and construction of 4 roomed at Kshs, 2,000,000 for five assistant chief offices of Kirima, Gikamba, Gakawa, Kimunyuru and Maragima assistant

1816. However, as at the time of audit in March 2023 which was more than 8 months after some of the project funds were disbursed, the projects had not been Started.

1817. In the circumstances, the value for money for kshs. 11,000,000 disbursed in the year ended 30th June 2022 could not be confirmed.

Management Response

1818. Management concurs with your observation and wish to state that delays in implementation was largely due to site identification, and formation of projects management committee. Having said that, the projects were initiated and completed by 30th December 2023.

Committee Observation

1819. The Committee observed that the query was adequately addressed

5. Delayed installation of Electrification project

1820. Note 7 to the financial statements reflect Kshs.118,912,180 in respect to Other Grants and Other Transfers which includes Kshs.53,600,000 in respect to security projects which further includes Kshs.5,000,000 paid to Rural Electrification Authority to supply and install

- transformers through matching fund at Kieni KMTC, Aguthi ha Mukurino, Kabati Sikai san, Lamuria Bishop Muhtoga and Kirinyaga Dishon weru at Kshs. 1,000,000 per designated area
- 1821.** However, as at the time of audit in March 2023 which was more than twelve months from the time payment was made, the transformers had not been supplied and installed.
- 1822.** In the circumstances, the value for money for Kshs 5,000,000 spent on electrification project has not been realized.

Management Response

- 1823.** The project was to be implemented by the Rural electrification Authority; However, the delayed implementation was as result of the budgeting from the Institution. The budgetary estimates for projects forwarded for consideration under matching category were to be prioritized those to progress for survey based on the available funding of Ksh. 10M. However, the estimated values were estimated high above the funds available and are shown below:

ITEM	PROJECT NAME	BE Value
1	KMTC AREA	3,804,258.97
2	DISHON WERU AREA	4,848,700.91
3	AGUTHI HA MUKURINU	5,083,503.37
4	SIKKAI SANA MKT	4,485,619.01
5	BISHOP MMUTHOGA AREA	4,830,423.51

- 1824.** Ksh.5M from Kieni which was matched with a similar amount to give a total of Ksh.10M. The funds were utilized in the implementation of the below projects.

Project Name	Ref. No.	Amount Utilized Kshs. In millions	Remarks
MUTHOGA AREA(MATCHING)	REC-1909521/22124	7.42	ENERGIZED
AGUTHI-HA MUKURINO AREA(MATCHING)	REC-1909521/22121	2.93	DONE BY KPLC

6. Unserviceable motor grader

1825. Annex 4 to the financial statements reflects Kshs.54,083,285 in respect to historical cost of fixed assets as at 30 June 2022 which include Kshs. 21,310,389 in respect to assets classified as unserviceable in the assets register.

1826. Included in Kshs 21,310,389 is Kshs 18,005,520 in respect to unregistered motor grader (CAT 140H) shown as in use but no evidence was provided to show the grader has been in operation since year 2014. Further, the fund vide minute no.4 of 11th November 2016 that resolved repair of the grader at Kshs 1,966,200 but no evidence was provided to confirm the grader was subsequently repaired and if it ever became operational.

1827. It was not explained why the unserviceable assets including the grader have not been earmarked for disposal contrary to Section 163(1) of the Public Procurement Disposal Act, 2015 which states that an accounting officer shall establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets. In the circumstances, Management was in breach of law.

Management Response

1828. The grader was not in operation since then as it developed mechanical issue. In the report, on the unserviceable assets have been noted and the NGCDFC has subsequently initiated the disposal committee for the purpose of disposal of the unserviceable and absolute equipment or assets in the current financial year 2023/2024.

Committee Observation

1829. The Committee observed that the motor grader was not operational and had not been disposed.

Committee Recommendation

1830. The Committee recommends that the Accounting Officer should at all times comply with Section 163(1) of the Public Procurement Disposal Act, 2015, Cap. 412C.

3.9 KIPIPIRI CONSTITUENCY

1831. The Fund Account Manager for **Kipipiri Constituency** appeared before the Committee on Thursday, 3rd and 10th April 2025, tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows:

3.9.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Completeness of Financial Statements

1832. The financial statements presented for the year ended 30th June 2014 did not include statement of cash flows as required by the international Public Sector Accounting Standards. In the circumstances, the completeness of the financial statements as at 30th June 2014 could not be confirmed.

Management Response

1833. The statement of Cash flows has since been provided for audit an extract for the financial statement has been annexed.

Committee Observation

1834. The Committee expressed satisfaction with the response and supporting evidence presented, and the query was adequately addressed.

2. Irregular Variation of Contract – Construction of Dining Hall Kipipiri School

1835. The construction of a Dining hall at Kipipiri school started in 2012/2013 financial year with an allocation of Kshs.3,000,000. The project was anticipated to be completed-within a duration of 8 weeks from November 2012. The contract was awarded to M/s Civitra Company Limited at a contract sum of Kshs.3,770,930. Later the contractor varied the contract sum to Kshs.4,500,000 which was approved by the project monitoring committee. The Contractor had been paid total of Kshs.3,144,507 as at 30 June 2014.

1836. The quantity variation for the works of Kshs.729,070 exceeded the original contract sum of Kshs.3,770,930 by 19% and therefore the variation was above the acceptable threshold of 10% and therefore irregular.

Management Response

1837. The Kipipiri school PMC irregularly varied the contract however The NGCDFC has continuously trained PMC on Procurement laws to ensure adherence.

Committee Observation

1838. The Committee observed that the query was adequately addressed.

3. Irregular Procurement:

- (i) **Turasha Chief's Office Project**

1839. The construction of Turasha Chief's office project was started in 2012/2013 financial year and a total of Kshs.1,740,000 had been disbursed for the implementation of the project by 30 June 2014. However, it was observed that the project was implemented without the involvement of public works technical supervision, especially in the drafting of Bills of Quantities. A site visit to the project showed that the project was not complete. Further, the tender evaluation report was not properly signed.

1840. In the absence of technical supervision and lack of certificates of works completion, it has not been possible to ascertain the propriety of the works expenditure already incurred.

Management Response

1841. As at the time of Audit the PMC had not availed Project returns. However, the completion certificate from public works and duly signed tender evaluation report was availed for audit.

Committee Observation

1842. The Committee observed that the query was adequately addressed.

(ii) Procurement of Water Pipes

1843. During the year under review, the CDF procured water pipes worth Kshs.1,504,860. However, records availed for audit showed that the contract for supply of these pipes was awarded to the second lowest bidder who had quoted Kshs.1,504,860, while the lowest bidder quoted Kshs.1,307,280. No explanation was provided for awarding the contract to second lowest bidder instead of the lowest bidder contrary to the procurement regulations.

1844. As a result, the procurement rules were flouted. In the circumstances, the residents may have not received value for money from the above projects.

Management Response

1845. The PMC awarded the contract to the second lowest bidder however The NGCDFC has continuously trained PMC on Procurement laws to ensure adherence.

Committee Observation

1846. The Committee observed that the query was adequately addressed.

3.9.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1847. In financial year 2013/14 all the audit queries were adequately addressed.

1. Unexplained prior year Adjustment

1848. The statement of assets includes a prior year adjustment of Kshs, 499,999.65 as at provided. However, the purpose and nature of the adjustment has not been provided. The amount therefore may have been used as a balancing figure in the financial statements.

1849. In the circumstances, the accuracy and validity of the adjustment of Kshs. 499,999.65 for the year ended 30 June 2015 could not be confirmed.

Management Response

1850. Prior year adjustment was as a result of Kshs. 500,000 for FY 2013/14 erroneously posted and reversed in FY 2014/15 and therefore the adjustment.

Committee Observation

1851. The Committee observed that the query was adequately addressed.

Other Matters

2. Overall Budget Analysis

1852. Review of statement of budget appropriation revealed that the CDF received 100% allocation for the year but managed to utilize 85% on expenditure as follows:

Item	Budget - Kshs	Actual - Kshs	Difference - Under Kshs	Actual as % of Budget
Receipts	141,927,498.90	141,927,498.90	0	100%
Expenditure	141,927,498.90	119,958,158.00	21,969,340.90	85%

1853. The above analysis reflects actual receipts from the CDF Board of Kshs.141,927,498.90 budgeted for in the year. Further, the CDF incurred an expenditure of Kshs. 119,958,158 representing an absorption rate of 85% against the budget for the year. The low utilization of the budget was attributed to delay in disbursement of funds by the CDF Board.

Management Response

1854. The underutilization was as a result of delayed disbursement by the board.

Committee Observation

1855. The Committee observed that the query was adequately addressed.

3. Projects Implementation

1856. A review of project implementation status as at 30 June 2015 is as follows: -

Sector	No. of projects Budgeted	Budget - Ksh	Actual Expenditure - Ksh	% level of implementation	No. completed	No. on-going projects
Primary Schools	20	17,400,000	15,519,808	89	11	9
Secondary Schools	28	32,700,000	33,200,000	100	6	20
Tertiary Institutions	2	12,500,000	11,500,000	92	2	1
Dispensary	2	1,200,000	1,200,000	100	0	2
Water	1	9,000,000	9,000,000	100	0	1
Sports/Stadium	1	1,000,000	1,000,000	100	0	1
ECD	2	800,000	1,200,000	100	1	2
Security	4	1,270,000	1,334,000	100	2	2
Total	60	75,870,000	73,953,808	97	22	38

1857. The above analysis shows that-

1858. The Kipipiri CDF had planned to undertake sixty (60) development projects during the financial year 2014/2015 with total budget allocation of Kshs. 75,870,000 for the projects. An amount of Kshs. 73,953,808 was utilized during the to implement the projects resulting in an under expenditure of Kshs. 1,916,192.

1859. As at 30 June 2015, out of the sixty (60) projects implemented, thirty-eight (38) were ongoing while twenty-two (22) projects were complete.

Management Response

1860. The under expenditure of Kshs. 1,916,192 was as a result of delay in disbursement of funds by the board.

1861. All the 38 projects that were ongoing are now complete and in use.

Committee Observation

1862. The Committee observed that the query was adequately addressed.

4. Stalled Projects

1863. An inspection carried out on project revealed that implementation of four (4) projects which the CDF had allocated a total of Kshs. 16,066,745 over the previous year's appeared to have stalled and abandoned. The list is given below:

	Project	Year when started	Disbursement- Kshs
1	Geta D.O's Office	2010/2011	5,200,000
2	Lereshwa Secondary School	2010/2011	5,781,000
3	Lereshwa Dispensary	2013/2014	2,335,500
4	Makumbi Chiefs Camp	2013/2014	2,750,245
	Total		16,066,745

1864. The CDFC has not provided satisfactory reasons for these projects and could not be included in the list of projects for approval as required under Section 13 (1) and (2) of the CDF Act, 2013 so as to be implemented in the years prior to 30 June 2015. It appears therefore that failure by the CDFC to prioritize these projects means that the money already sunk into these projects worth Kshs.16,066,745 may be lost.

Management Response

1865. The projects have since been completed and are in use.

Committee Observation

1866. The Committee observed that the query was adequately addressed.

3.9.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1867. In financial year 2014/15 all the audit queries were adequately addressed.

Other Matters

1. Overall Budget Performance

1868. During the financial year under review, Kipipiri NG-CDF received a total of Kshs. 84,154,807 from the National Government Constituencies Development Fund Board against budgeted amount of Kshs. 138,736,047 or 61% of the budget. Further, the total expenditure for the year was Kshs, 61,948,113 representing absorption rate of 55% as analyzed below:

Item	Budget-	Actual-	Budget	Actual as %
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	Kshs	Kshs.	utilization Difference Kshs	of Budget
Receipts	138,736,047	84,154,807	54,581,240	61
Expenditure				
Compensation of employees	2,154,807	1,250,648	904,159	58
Use of goods and services	11,680,345	9,307,683	2,372,662	80
Transfers to other government units	33,253,000	30,128,160	3,124,840	91
Other grants and transfers	91,720,895	36,174,443	55,546,452	39

1869. Although the CDF committee attributed the low absorption of budget provisions to the delay by the NG-CDF Board in releasing funds, the management should focus on the priority areas in the budget that will greatly improve service delivery to the residents of Kipipiri constituency.

Management Response

1870. The underutilization was as a result of delayed disbursement by the board.

Committee Observation

1871. The Committee observed that the query was adequately addressed.

2. Project Implementation

1872. A review of project implementation reports and records that during the year under review, Kipipiri CDF had planned to undertake ninety-six (96) projects with a total budget allocation of Kshs. 124,973,895.

1873. However, an amount of Kshs. 66,302,603 was spent on sixty-eight (68) projects hence the balance Kshs. 58,671,292 of the budget was not utilized as follows:

Project category	2015/2016 approved budget Kshs	Actual amount Kshs	Difference Kshs.	No. of approved Projects	Projects Implemented	% level of Implementation
Transfer to government entities	33,253,000	30,128,160	3,124,840	42	37	91

Other Grants and Transfers	91,720,895	36,174,443	55,546,4S 52	54	31	39
Total	124,973,895	66,302,603	58,671,292	96	68	53

1874. No explanation was provided for the failure to adhere to budget provisions and slow implementation of projects which affects service delivery to the public.

Management Response

1875. The underutilization was as a result of delayed disbursement by the board. All the incomplete projects were completed are in use.

Committee Observation

1876. The Committee observed that the query was adequately addressed.

3. Cash and Cash Equivalents

1877. The statement of assets as at 30 June 2016 reflects bank balance of Kshs. 7,366,874. However, scrutiny of the bank reconciliation statement presented for audit verification indicated that as at 30 June 2016, unpresented cheques amounting to Kshs. 375,159 were stale and had not been reversed in the cash book.

1878. In the circumstances, the accuracy and completeness of the bank balance of Kshs. 7,366,874 as at 30th June 2016 could not be confirmed.

Management Response

1879. The stale cheques were reversed in the month of July 2016. An extract of the cashbook was annexed.

Committee Observation

1880. The Committee observed that the query was adequately addressed.

3.9.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

Other Matters

1. Mikeu Chief's camp

1881. The statement of receipts and payments for the year ended 30 June 2017 reflects amount of Kshs.75,677,939 in respect of other grants and transfers out of which Kshs.750,000 was paid to Mikeu Chief's camp for the completion of the project. The CDF initiated project in Report of the Auditor-General on the financial statements of NG-CDF Kipipiri Constituency for the year ended 30 June 2017 2 2013 and funds amounting to Kshs.3,000,000 has been released to the project. Records indicated that the contract was awarded in 2013 to M/s Sonic

Construction Company at a contract sum of Kshs.2,993,785. However, physical verification revealed that over one year since the disbursement of the last tranche of Kshs.750,000, the project had not been completed. The money had not been utilized and was held at the PMC bank account as at the time of this audit in June 2018. The CDF management has not provided satisfactory explanation for the failure to complete the project which has taken over five years to construct.

Management Response

1882. The project is located next to the Aberdare Forest, the area experiences a lot of rainfall hence delays in implementation of projects in the area. The project has been completed and is in use as per attached documents

Committee Observation

1883. The Committee observed that the query was adequately addressed.

2. Geta DO's Office

1884. Included in the other grants and transfers figure of Kshs.75,677,939 as disclosed in note 7 to the financial statements is an amount of Kshs.500,000 paid for the construction of an armory at Geta District Officer's office. However, physical verification revealed that, over one year since the disbursement of the funds, construction of the project had not commenced. No explanation was provided for the delay hence denying the community the benefits that would accrue from the project.

Management Response

1885. The project is located in next to the Aberdare Forest therefore the area experiences a lot of rainfall and therefore delay in implementation. The project has since been completed and is in use

Committee Observation

1886. The Committee observed that the query was adequately addressed.

3. Stalled Project- Kipipiri Milk Collection Centre

1887. Note 7 to the financial statements on other grants and transfers reflects a figure of Kshs.75,677,939, out of which Kshs.400,000 was in respect of Kipipiri milk collection centre classified under agriculture projects. Examination of records shows that the CDF had initially allocated Kshs.1,400,000 in the financial year 2015/2016 for purchasing a milk cooler, generator and water boiling system. However, the purchase of milk cooler was later funded a donor and the CDF office re-allocated Kshs.1,000,000 out of the initial amount of

Kshs.1,400,000 to unspecified project without Board's approval thus reducing the funding to Kshs.400,000 for the construction of milk collection Centre. Although the milk cooler has been installed, it was not operational at the time of audit in June 2018. Further, expenditure returns for the disbursement of Kshs.400,000 was not given for audit review. The delay in completion of the project denies the residents benefits due from the project and increases project cost.

Management Response

- 1888.** The Kshs 1,000,000 was reallocated to JUNCT D390-D391 Karuri Kihubu (Road) as per attached.
- 1889.** The expenditure returns for Kshs 400,000 have been availed. The money was used for electricity installation. The project has since been handed over to the county government after NG CDF could no longer fund devolved projects.

Committee Observation

- 1890.** The Committee observed that the query was adequately addressed.

4. Unspent Funds for Projects

- 1891.** The NG-CDF allocated funds amounting to Kshs.300,000 each to Kamahia Primary School, Bondeni Primary School, Kabati Primary School and Kahiga Primary School for Purchase and installation of water pipes totaling to Kshs.1,200,000. Records further indicate that, Mwangaza Primary School and Gathiriga Primary School were allocated Kshs.550,000 and Kshs.850,000 respectively for purchase of land. However, a review of project implementation status report revealed that all the six projects had not been implemented as at June 2018 despite release of funds to the project management committees. No explanation was provided for the delay in implementing the projects. The delayed completion of the facilities hinders the community from realizing the benefits that would accrue from the projects.

Management Response

- 1892.** The Project Management committees for Kamahia Primary, Bondeni Primary, Kabati Primary, Kahiga Primary, Mwangaza primary and Gathiriga Primary delayed implementation of the projects because of the rains. The projects were later implemented and completed as per attached document.

Committee Observation

- 1893.** The Committee observed that the query was adequately addressed.

3.9.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1894. In financial year 2016/17 all the audit queries were adequately addressed.

1. Prior Year Adjustments

1895. The statement of cash flow together with the statement of assets and liabilities reflects a prior year adjustment to the cash balances of Kshs.198,160 and as disclosed under Note 9 to the financial statements. Management has explained the adjustment to be as a result of bursary reversals. However, no reason has been given as to why the reversals were made and the schedule provided in support did not indicate the payee to whom the cheques was initially issued. In the circumstance, the accuracy and validity of the prior year adjustments figure of Kshs.198,160 for the year ended 30 June 2018 could not be confirmed.

Management Response

1896. The complete list of the reversed bursary cheques has been provided for audit review.

Committee Observation

1897. The Committee observed that the query was adequately addressed.

2. Use of Goods and Services

1898. The statement of receipts and payments reflects payments on account of use of goods and services of Kshs.2,619,637 (2017-Kshs. 8,874,297) and as disclosed under Note 4 to the financial statements. Included in this figure, is Kshs. 529,742 in respect to utilities, supplies and services. However, the ledger provided in support of the payments reflected an amount of Kshs.299,990 resulting in an unexplained variance of Kshs.229,752. Consequently, the accuracy of the payment amount of Kshs.2,619,637 on use of goods and services for the year ended 30 June 2018 could not be confirmed.

Management Response

1899. A schedule of Kshs. 529,742 in respect to utilities, supplies and services was provided for audit review.

Committee Observation

1900. The Committee observed that the query was adequately addressed

Basis of Conclusion

3. Delayed Implementation of Projects

1901. A review of the Fund project implementation report as at 30 June 2018 revealed it had allocated and disbursed Kshs.52,727,586 and Kshs.44,400,000 respectively during the year to one hundred and twenty-four (124) projects. However, only forty-eight projects had been

implemented leaving out seventy-six (76) or 62% of the projects unimplemented at the time of undertaking the audit exercise in March 2019. No explanations have been rendered for the delays.

1902. The project verification exercise also revealed the following inconsistencies: -

- Environment, sports and strategic plan projects had not been implemented with the procurement process not commenced;
- Contrary to the provisions of National Government Constituencies Development Fund Act (2015) on Funding of projects to completion, secondary schools projects funding was capped at 50% of the project cost during the financial year under review; and
- Unutilized funds transferred to the Project Management Committees bank accounts have not been incorporated in the Fund financial statements as at 30 June 2018 despite the significant balances being held there as of the reporting date.

Management Response

1903. The NG-CDF Kipipiri disbursed the available funds to the PMCs which are now at various stages of procurement. Some of the projects are complete and awaiting payment and official handover to the community.

1904. The procurement process for all the projects was initiated in June 2018. The procurement process for the environment projects was initiated in June 2018. All the project funds were deposited in the accounts on 27/06/2018. The procurement process by the primary school PMCs is complete.

1905. The football league for the sports project across the four wards in Kipipiri constituency began on 4th November 2018 and the finals held on 30th and 31st March 2019. The procurement of the uniforms and equipment was done in February 2019. Therefore, the sports project for FY 2017/2018 is now complete.

1906. The NG-CDF Kipipiri Committee authorized the office to continue the process of the strategic plan in March 2019 since the prequalification of suppliers was done vide pre-qualification number *NGCDF/KIP/3/2017-2020 For CONSULTANCY SERVICES Of STRATEGIC PLAN* done in 2018. The target is the strategic plan to be ready by June 2019.

1907. The PMC balance as at 30th June 2018 is provided as an annex as required by the reporting template.

Committee Observation

1908. The Committee observed that the query was adequately addressed.

4. Procurement - Primary Schools

1909. The statement of receipts and payments reflects payments on account of transfers to other government units of Kshs. 41, 700,000 (2017- Kshs.44,388,238) and as disclosed under Note 5 to the financial statements. Included in this amount are transfers to primary schools of

Kshs.31,300,000. A review of the procurement records in relation to the primary schools revealed inconsistencies in 6 projects valued at Kshs.3,844,200 as detailed below: -

1910. As a result of the inconsistencies identified, the Fund is in breach of the Public Procurement and Assets disposals Act of 2015.

5. Procurement - Primary schools

No	School	Amount Kshs.)	Status	Irregularity
1.	Rutuba Primary	2,400,000	ongoing	Tender opening date of 14 February 2019 was later than the contract signing, and acceptance letter dated 21 January 2019.
2.	Gatondo primary	300,000	ongoing	Contract award date of 16 February 2019 was earlier than tender evaluation date of 17 February 2019 with the works started having commenced before contract agreement was signed.
3.	Karima primary	250,000	ongoing	Tender opening register dates of 26 February 2019 was later than the tender evaluation meeting date of 17 January 2019. The minutes were received and acknowledged at NGCDF Office on 15 February 2019 which was 11 days before the tender opening
4.	Ndemi primary	244,700	ongoing	Contract was signed on 13 February 2019 before the tender opening and evaluation date of 14 February 2019
5.	Mureranjau primary	249,500	ongoing	Tender opened and awarded with no evidence of evaluation by way of committee minutes.
6.	Kiambogo primary	400,000	Done	Award notification letter reviewed during the verification exercise on 19 March 2019 was postdated by seven (7) days 25 March 2019. No explanation was rendered for the inconsistency.
	Total	3,844,200		

Management Response

1911. The PMC were relatively new and lacked a proper knowledge of procurement laws hence the irregularity however the NGCDFC keeps providing regular trainings to ensure adherence to procurement laws.

Committee Observation

1912. The Committee observed that the query was adequately addressed.

3.9.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1. Unsupported Bursary Payments

1913. The statement of receipts and payments reflects other grants and transfers of Kshs. 53,164,099 which as disclosed under Note 7 to the financial statements, included bursaries of Kshs. 29,457,366 and Kshs. 8,024,430 to secondary schools and tertiary institutions respectively, both totaling to Kshs. 37,481,796. However, a detailed beneficiary listing indicating the school/college, student name, admission number and amounts disbursed for bursaries amounting to Kshs. 12,529,191 was not provided.

1914. In the circumstances, the accuracy and validity of the reported bursary payments could not be confirmed.

Management Response

1915. The detailed beneficiary listing indicating the school/college, student name, admission number and amounts disbursed for bursaries amounting to Kshs.12,529,191 was provided for audit review.

Committee Observation

1916. The Committee observed that the query was adequately addressed.

2. Irregular Payment of Committee Allowances

1917. The statement of receipts and payments reflects payments of Kshs.3,100,155 for use of goods and services which as disclosed at Note 5 to financial statements, includes committee expenses of Kshs.1,904,000. However, an amount of Kshs.184,500 was paid to non-committee members. Further, supporting documents including approved reports and meeting minutes for payments amounting to Kshs.639,300 and Kshs. 255,000 relating to monitoring and evaluation expenses and projects inspection program respectively, were not provided. In the circumstances, the accuracy and propriety of the reported payments of Kshs.1,904,000 for committee expenses could not be confirmed.

Management Response

1918. The supporting documents including approved reports and meeting minutes for payments amounting to Kshs.639,300 and Kshs.255,000 relating to monitoring and evaluation expenses and projects inspection program respectively, have been provided for audit review

Committee Observation

1919. The Committee observed that the query was adequately addressed.

3. Unreconciled Variance for Accounts Payable - Staff Gratuity

1920. The statement of assets and liabilities reflects nil accounts payable - staff gratuity. However, Note 12B to the financial statements reflects outstanding staff gratuity of Kshs.560,480 whose total is erroneously shown as Kshs.481,300.

1921. In the circumstances, the accuracy and completeness of the reported nil balance for accounts payable - staff gratuity could not be confirmed.

Management Response

1922. The corrections were done on Note 12 B to reflect nil balance.

Committee Observation

1923. The Committee observed that the query was adequately addressed.

4. Bank Balances

1924. The statement of assets and liabilities and Note 10A to the financial statements reflect a bank balance of Kshs.11,369,889. However, the bank reconciliation statement for the month of June 2019 reflected un-presented cheques amounting to Kshs.21,164,447 which included a cheque for Kshs.118,000 which was already stale but had not been written back into the cashbook.

1925. In the circumstances, the accuracy of the reported bank balance of Kshs.11,369,889 as at 30 June 2019, could not be confirmed.

Management Response

1926. The stale cheque were reversed thereafter as at September 2019.

Committee Observation

1927. The Committee observed that the query was adequately addressed.

5. Prior Year Adjustments

1928. The statement of assets and liabilities reflects prior year adjustments of Kshs. 1,310,400 which as disclosed under Note 14 to the financial statements, related to bank accounts adjustments. However, Paragraph 1.5 of International Public Sector Accounting Standard - Financial Reporting under the Cash Basis of Accounting requires that errors relating to prior periods be reported by adjusting the cash at the beginning of the period and comparative information to be restated accordingly. The disclosure requirements with regard to correction of errors have also not been met.

1929. In the circumstances, the accuracy and validity of the prior year adjustments of Kshs. 1,310,400 could not be confirmed.

Management Response

1930. The prior year adjustments were as a result of stale bursary cheques and not of wrongful payment, hence are reported as prior year adjustments as guided by the reporting template.

Committee Observation

1931. The Committee observed that the query was adequately addressed.

Other Matter

6. Budgetary Control and Performance

1932. The summary statement of appropriation-recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs.170,613,785 and Kshs.115,572,909 respectively, resulting into an underfunding of Kshs.55,040,876 or 32% of the budget. Further, of the receipts of Kshs.115,572,909 realized, only Kshs.105,513,420 was utilized resulting into under absorption of Kshs.10,054,489 or 9% of the receipts.

1933. The underfunding and failure to implement all the planned activities may have impacted negatively on service delivery to the constituents of Kipipiri.

Management Response

1934. The underutilization was as a result of delayed disbursement by the board.

Committee Observation

1935. The Committee observed that the query was adequately addressed.

7. Unresolved Prior Year Audit Matters

1936. As disclosed under the progress on follow up of auditor recommendations section of the financial statements, some of the prior year audit issues remained unresolved as at 30 June 2019. No satisfactory explanation was provided for not resolving the issues.

Management Response

1937. The Constituency had not been invited by the Parliamentary committee to deliberate on the issues and have a way forward as required by the law.

Committee Observation

1938. The Committee observed that the query was adequately addressed.

Basis for Conclusion

8. Project Implementation Status

1939. The project implementation status report as at 30 June, 2019 indicated that nine (9) projects with an allocation of Kshs.17,300,000 were still ongoing, implementation of forty-six (46) projects with a funding allocation of Kshs.28,538,993 had not started and that seventeen (17) prior year's projects with a funding allocation of Kshs.9,627,879 were not prioritized as required under Section 46(2) of National Government Constituencies Development Fund Act, 2015 which requires ongoing projects to take precedence over all other projects in funding.

1940. In the circumstances, Management was in breach of the Law. In addition, delayed completion of projects might lead to loss of public funds through cost escalations.

9. Unsatisfactory Implementation of Projects

1941. Audit inspection between 20 and 21 January, 2020 of twenty-one (21) projects with a funding allocation of Kshs.37,800,000 revealed lack of involvement of Project Management Committees, stalled projects, poor workmanship and other anomalies as shown.

1942. Further, Project Management Committees (PMCs) were not operating independently in procurement of goods, services and works, implementation of projects and payment for goods, services and works as provided under Section 36(1) of the National Government Constituencies Development Fund Act, 2015. The Fund Management was therefore, in breach of the Law.

Management Response

1943. The summary of project status, completion Certificates were provided for audit review.

Committee Observation

1944. The Committee observed that the query was adequately addressed.

10. Irregular Implementation of Sports Projects

1945. The statement of receipts and payments reflects other grants and transfers of Kshs. 53,164,099 which as disclosed at Note 7 to the financial statements, included Kshs. 1,452,110 expended on sports projects. However, a Project Management Committee to implement the Project was not appointed as required under Section 15(6) of the National Government Constituencies Development Fund Act, 2015. Further, the items were procured using the direct procurement method although the conditions for use of the method as provided under Section 103 (2) of the Public Procurement and Assets Disposal Act, 2015 had not been met. In addition, supporting documents including stores records, proof of delivery of goods, requisitions and the list of distribution to the beneficiaries were not provided.

1946. In the circumstances, the accuracy and propriety of the payment of Kshs. 1,452,110 on sports activities could not be confirmed.

Management Response

1947. The management liaised with the NG-CDF Board on management of sports activities by the NG-CDF committees.

1948. The procurement process for the various items was done as required. The procurement documents and inventory records were availed for audit.

Committee Observation

1949. The Committee observed that the query was adequately addressed.

11. Irregular Emergency Projects

1950. Note 7 to the financial statements reflects emergency projects payments of Kshs.5,738,993. However, no evidence was provided that the expenditure was an emergency as provided under Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which provides that emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents. In addition, eight (8) projects with a funding allocation of Kshs.5,038,993 had not been implemented eight (8) months after the PMCs received the funds.

1951. In the circumstances, the propriety of the expenditure amounting to Kshs.5,038,993 on emergency projects could not be confirmed.

Management Response

1952. The NG-CDF Committee approved the projects under emergency based on the requests from the PMCs and reports from the Public Health Officer on the status and urgency of the projects in schools. The toilets were in bad shape and had been condemned to be closed. But were not implemented due to the heavy rainy season.

Committee Observation

1953. The Committee observed that the query was adequately addressed.

12. Irregular Recruitment

1954. The statement of receipts and payments and Note 4 to the financial statements, reflect payments of Kshs.1,309,212 for compensation of employees. However, signed letters of appointment and approval for the recruitment two (2) employees recruited and paid a total salary of Kshs. 203,040 between March and June, 2019 were not provided.

1955. Consequently, the propriety of the salaries amounting to Kshs.203,040 could not be confirmed.

Management Response

1956. The letter of appointment and approval for recruitment were provided for audit review.

Committee Observation

1957. The Committee observed that the query was adequately addressed.

13. Basis for Conclusion - Effectiveness of the Fund Committee

1958. Available information indicated that on 10 May 2019, the Fund Manager recorded the minutes of the Constituency Committee meeting held in the presence of the Fund Committee Secretary. This is contrary to Regulation 9(2)(c) of the National Government Constituencies Development Fund Regulations, 2016 which provides that recording of the proceedings of the Constituency Committee meeting is the responsibility of the Secretary. Further, the Secretary and the Chairperson did not sign the committee minutes for the meetings held on 13 July, 2018; 31 August, 2018; 8 October, 2018; 05 November, 2018; 03 December, 2018; 29 December, 2019; 30 March, 2019 and 10 May, 2019 contrary to Regulation 7(10) of the National Government Constituencies Development Fund Regulations, 2016.

1959. Further, the schedule of Committee meetings held during the year prepared and tabled before the Committee as provided under Regulation 7(9) of the National Government Constituencies Development Fund Regulations 2016, was not provided. In addition, various notices/minutes for the Committee meetings, provided for audit review indicated that the venue of the meetings was at the Kipipiri Member of Parliament's Boardroom in Nairobi. It was not clear why the meetings were not held within the boundaries of the Constituency.

1960. In the circumstances, it was not possible to confirm whether internal controls and governance of the Fund was effective.

Committee Observation

1961. The Committee observed that the query was adequately addressed.

3.9.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1. Irregular payment of allowances

1.1 Prior Year Adjustments

1962. The statement of assets and liabilities reflects prior year adjustments of Kshs. 1,310,400 which as disclosed under Note 14 to the financial statements, related to bank accounts adjustments. However, Paragraph 1.5 of International Public Sector Accounting Standard - Financial Reporting under the Cash Basis of Accounting requires that errors relating to prior periods be reported by adjusting the cash at the beginning of the period and comparative information to be restated accordingly. The disclosure requirements with regard to correction of errors have also not been met. In the circumstances, the accuracy and validity of the prior year adjustments of Kshs. 1,310,400 could not be confirmed.

Management Response

1963. The prior year adjustments were as a result of stale bursary cheques and not of wrongful payment, hence are reported as prior year adjustments as guided by the reporting template.

Committee Observation

1964. The Committee observed that the query was adequately addressed.

Basis for Conclusion

2. Project Implementation Status

1965. The project implementation status report as at 30 June, 2019 indicated that nine (9) projects with an allocation of Kshs.17,300,000 were still ongoing, implementation of forty-six (46) projects with a funding allocation of Kshs.28,538,993 had not started and that seventeen (17) prior year's projects with a funding allocation of Kshs.9,627,879 were not prioritized as required under Section 46(2) of National Government Constituencies Development Fund Act, 2015 which requires ongoing projects to take precedence over all other projects in funding. In the circumstances, Management was in breach of the Law. In addition, delayed completion of projects might lead to loss of public funds through cost escalations.

Management Response

1966. Please note that the PMC procurement process and implementation of projects is done by the PMCs. The summary of project status, completion Certificates were provided for audit review

Committee Observation

1967. The Committee observed that the query was adequately addressed.

3. Irregular Emergency Projects

1968. Note 7 to the financial statements reflects emergency projects payments of Kshs.5,738,993. However, no evidence was provided that the expenditure was an emergency as provided under Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which provides that emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents. In addition, eight (8) projects with a funding allocation of Kshs.5,038,993 had not been implemented eight (8) months after the PMCs received the funds. In the circumstances, the propriety of the expenditure amounting to Kshs.5,038,993 on emergency projects could not be confirmed.

Management Response

1969. The NG-CDF Committee approved the projects under emergency based on the requests from the PMCs and reports from the Public Health Officer on the status and urgency of the projects in schools. The toilets were in bad shape and had been condemned to be closed. But were not implemented due to the heavy rainy season.

Committee Observation

1970. The Committee observed that the query was adequately addressed.

4. Effectiveness of the Fund Committee

1971. Available information indicated that on 10 May 2019, the Fund Manager recorded the minutes of the Constituency Committee meeting held in the presence of the Fund Committee Secretary. This is contrary to Regulation 9(2)(c) of the National Government Constituencies Development Fund Regulations, 2016 which provides that recording of the proceedings of the Constituency Committee meeting is the responsibility of the Secretary. Further, the Secretary and the Chairperson did not sign the committee minutes for the meetings held on : 13 July 2018; 31 August 2018; 8 October 2018; 05 November 2018; 03 December 2018; 29 December 2019; 30 March 2019 and 10 May 2019 contrary to Regulation 7(10) of the National Government Constituencies Development Fund Regulations, 2016.

1972. Further, the schedule of Committee meetings held during the year prepared and tabled before the Committee as provided under Regulation 7(9) of the National Government Constituencies Development Fund Regulations 2016, was not provided. In addition, various notices/minutes for the Committee meetings, provided for audit review indicated that the venue of the meetings was at the Kipipiri Member of Parliament's Boardroom in Nairobi. It was not clear why the meetings were not held within the boundaries of the Constituency. In the circumstances, it was not possible to confirm whether internal controls and governance of the Fund was effective.

Committee Observation

1973. The Committee observed that there was no management response and recommends the query to be addressed in the next audit cycle.

3.9.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1. Unsupported Expenditure on Bursary Payments

1974. The statement of receipt and payments reflects payments on other grants and other payments of Kshs.16,336,030 and as disclosed under Note 7 to the financial statements. Included in this amount is bursary payment to tertiary of Kshs.6,927,620. However, bursary payments amounting to Kshs.342,000 have not been supported by way of admission no. In the circumstances the accuracy and completeness of bursary payments of Kshs.342,000 for the year ended 30 June,2020 could not be confirmed.

Management Response

1975. The allocation without admission numbers relates to students who were newly admitted to learning institutions.

Committee Observation

1976. The Committee observed that the query was adequately addressed.

3. Unprocedural Transfer of Funds to projects

1977. The statement of receipts and payment for the year ended 30 June 2020 reflects an expenditure of Kshs.26,889,963 in respect of transfers to other government entities and Kshs.16,336,030 on other grants and other payments. Out of this amount Kshs. 36,189,963 was transferred to various projects as detailed in the table below:

No.	Description	Note	Amount Transferred (Kshs.)
1.	Transfer to primary school	6	11,800,000
2.	Transfer to secondary schools	6	15,089,963
3.	Security Projects	7	4,400,000
4.	Emergency Projects	7	4,900,000
	Total		36,189,963

1978. However, audit of the approval and disbursement process revealed that the conditions for disbursement of funds to the PMCs bank account were not met before the funds were approved and released to various PMCs. The unmet conditions include project management committee (PMC), the requisite budget, Bill of quantities, approval for formation of PMC, approval to open PMC bank accounts and properly prepared projects workplan. This is contrary to Section

15 of the NG CDF Regulations, 2016. In the circumstance the management was in breach of the law,

Management Response

1979. The management took note of the observation and committed to ensure the procedural transfer of funds to projects which has been complied in the subsequent years.

Committee Observation

1980. The Committee observed that the query was adequately addressed.

3.9.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1. Irregular Committee allowances

1981. The statement of receipt and payments reflects use of goods and services of Kshs.3,425,702 and as disclosed under Note 5 to the financial statements. This amount includes Kshs.936,800 incurred on committee expenses. Records availed for audit indicated that the District Accountant and Fund Account Manager were paid allowances totaling to Kshs. 717,512. The management has not explained how the ex-officio members and the staffs of the constituency development Fund Committee were paid allowances contrary section 43 of the National Government Constituencies Development Fund Act, 2015. Consequently, it has not been possible to confirm the regularity and validity of 717,512 incurred on Committee expenses for the year ended 30th June, 2020

Management Response

1982. The irregularity was noted and in the subsequent years only gazette committee members were paid sitting allowance.

Committee Observation

1983. The Committee observed that the query was adequately addressed.

3.10 BUDALANGI CONSTITUENCY

1984. The Fund Account Manager for **Budalangi Constituency** appeared before the Committee on Tuesday, May 27th, 2025, tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows:

3.10.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Accuracy and Completeness of the Financial Statements

1985. The Financial records and books of account for the entire Financial Year ended 30 June 2014 were not provided for audit review. On 15 July 2014, the Ethics and Anti-Corruption Commission collected all supporting documents relating to the Constituencies Development Fund – Budalangi Constituency to be used in their investigation.

Management Response

1986. The documents were collected by the EACC as indicated in the report. Efforts to get the documents back from the EACC have not succeeded. Attached is management communication to the EACC requesting for documents and their response.

Committee Observations

1987. The Committee observed that: -

- (i) EACC took the original documents relating to Budalangi CDF and no copies were retained.**
- (ii) An inventory of the documents picked by EACC was not attached during examination of the audited accounts.**
- (iii) No correspondence on follow up was done from October 2015 until recently to follow up with EACC on documents they had picked.**

1988. The query remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.

1989. Committee Recommendation

1990. The Committee recommends that, to expedite the resolution of outstanding audit matters, the Accounting Officer should follow up on the status of the investigations and submit a comprehensive status report to the National Assembly within three months upon adoption of this Report

2. Accuracy and Completeness of the Financial Statements

1991. Further, the Fund did not comply with the standard template issued by the Public Sector Accounting Standards Board (PSASB) on the presentation of the Financial Statements as the Cash flow Statement was not prepared

Management Response

1992. The cash flow statement has since been prepared and availed for audit.

Committee Observations

1993. The Committee observed that Management did not comply with the International Public Sector Accounting Standards (Cash Basis) financial statements presentation format.

1994. The query remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.

3. Going Concern

1995. The High Court of Kenya in its ruling on petition 71 of 2013 held that the Constituencies Development Fund Act 2013 establishing the Constituency Development Fund since enactment of the Constitution of Kenya 2010 was unconstitutional rendering the existence of the Fund illegal. It is not clear whether legislation providing for the fund will be in place within the period given by the High Court of twelve months for the Fund to continue existing. As a result, the going concern status of the Constituency Development Fund is doubtful.

Management Response

1996. The issue was addressed by the enactment of the NG-CDF Act, 2015

Committee Observation

1997. The Committee observed that the issue was overtaken by events as it was addressed through the passing of the NG-CDF Act, 2015 and its Regulations 2016 which aligned the Fund functions to National Government functions. The query was adequately addressed.

3.10.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1. Presentation, Accuracy and completeness of the Financial Statements

1998. In the Public Sector Accounting Standards (Cash Basis) financial Statements presentation format prescribed by the Public Sector Accounting Standards Board (PSASB) requires the management to include the action to on the previous year auditors' recommendations. In the year 2013/2014, Budalangi CDF had a qualified opinion. However, no report on the progress on follow up of the audit issues raised was included in the Financial Statements for the year under review.

1999. In the circumstances, the Financial Statements were not in conformity with IPSAS (Cash Basis) as prescribed by the PSASB and in accordance with the Public Finance Management Act, 2012

Management Response

2000. The omission of audit recommendation follow-up report was an oversight. However corrective actions taken on the previous year audit recommendations has since been included in the financial statements and availed to the auditor for review.

Committee Observations

2001. The Committee observed that:

- (i) Management failed to comply with the International Public Sector Accounting Standards (Cash Basis) financial statements presentation format.**
- (ii) Corrective actions taken on the previous year audit recommendations were included in the financial statements and availed to the auditor for review.**

2002. The query remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.

2. Budget Control and Performance

2003. The Fund approved budget for expenditure totaling to Kshs 103,397,621.00 but only Kshs 93,778,920.00 was spent resulting in an overall under expenditure of Kshs 9,618,701.00 in the attached schedules.

2004. Further, there was an unexplained over expenditure of Kshs 748,803.00. In addition, there was unexplained under expenditure of Kshs 10,367,504.00. In the circumstances, the budget targets were not met and expected services were not fully delivered to constituents.

Management Response

2005. The under expenditure was due to delay of funds from the Board. The constituency did not overspend any funds. These funds were for the previous financial year carried forward from unimplemented projects in the prior year. Attached is the cashbook extract showing the balance carried forward.

Committee Observations

2006. The Committee observed that: -

- (i) The under expenditure was due to the delay in disbursement of funds by the exchequer.**
- (ii) The funds were carried forward in the subsequent financial year.**
- (iii) The query remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.**

3. Project Implementation and Management

2007. The Fund allocated Kshs 230,671,594.00 for 134 projects over the three years ending 30 June 2015. Forty-six (46) projects costing Kshs 98,338,835.00 completed, thirty-two projects with an allocation of Kshs 29,632,759.00 had not started while 46 projects with a total

allocation of Kshs 104,700,000.00 remained ongoing and incomplete as at the time of audit inspection March 2016 as shown in the attached schedule.

2008. Further, among the ongoing projects is construction of a police post for Kshs 1,800,000.00 which was budgeted way back in 2012/2013, while construction of a health Centre staff house allocated an amount of Kshs 2,482,759.00 in the year 2013/2014 had not commenced as of March 2016.

Management Response

2009. The projects which were not implemented at as at the close of financial year were due to delays in receiving funds from the Board.

The ongoing projects were completed in 2015/2016 for projects which had not started it was due to delay in disbursement by the Board. They have since been fully implemented and are currently in use.

2010. The construction of the police station had not commenced at the time of audit in March 2016 even though the Project had been budgeted in 2012/2013.

The delay was due to a change in the design of the building to suit the user.

The building has since been completed, handed over and in use.

2011. The construction of the health centre staff house had not commenced. The project was however implemented to completion and is now in use.

Committee Observations

2012. The Committee observed that: -

- (i) The under expenditure was due to the delay in disbursement of funds by the exchequer.
- (ii) The ongoing projects were completed in the subsequent financial year 2015/2016.
- (iii) The completion certificates and colored photographs were not availed for verification.
- (iv) The construction of the police station had not commenced at the time of audit in March 2016 due to a change in the design of the building to suit the user.
- (v) The construction of the health center staff house had not commenced. The project was however implemented to completion and is now in use.
- (vi) The matter remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.

3.10.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1. Budgetary Control Performance

2013. Budalangi Constituency Development Fund had an approved budget of Kshs 123,861,700.00 and spent Kshs 105,881,554.00 resulting to an under expenditure of Kshs 17,980,146.00 or overall budget utilization of 85%. Consequently, not all the budget targets were met, and various projects budgeted for were not done within the year under review. It is

not clear how the CDF intended to clear this backlog of projects as low budget absorption will negatively affect service delivery.

Management Response

2014. The delay in implementation of budget was occasioned by delay in disbursement of funds by the Board. The balances were spent on the respective projects in the subsequent financial year as indicated. Copies of AIEs and Bank statements are provided.

Committee Observations

2015. The Committee observed that:

- (i) The delay in implementation was due to the delay in disbursement of funds by the exchequer.
- (ii) The funds were spent on the respective projects in the subsequent financial year.

2016. The query remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.

3.10.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1. Comparison of Actual and Budgeted Expenditure

2017. The Funds revenue budget for the year under review was Kshs 82,292,552 against actual receipts of Kshs 81,896,551 representing an overall under collection of Kshs 400,001. Further, the CDF spent a total of Kshs 93,139,316 against a budget of Kshs 94,479,517 representing under expenditure of Kshs 1,340,200.

Management Response

2018. The under expenditure was as result of delay by the board to disburse funds.

Committee Observations

2019. The Committee noted that the under expenditure was as a result of delay in disbursement of funds by the exchequer.

2020. The query remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.

2. Project Performance

2021. The Fund was to implement a total of 48 projects and activities under various sectors during the FY. Review of the funds' performance indicated that as at 30th June 2017, 1% of the projects had not started, 35% were ongoing and 64% had been completed.

Management Response

2022. The delay in project implementation was due to delay of disbursement of funds from the Board but the projects have since been implemented.

Committee Observations

2023. The Committee noted that:

- (i) **The delay in project implementation was due to delay of disbursement of funds from the exchequer.**
- (ii) **The completion certificates and colored photographs were not availed for audit review.**
- (iii) **The query remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.**

3. Payment of Projects not implemented as per the bill of quantities

2024. Included in transfer to other governments entities balance of Kshs 12,500,000 made for various projects undertaken in various government entities. However, physical verification of three of the projects revealed that the construction works were not done as specified in the bill of quantities.

2025. Further, evidence for authority, if any, granted to the works managers to vary the works was not availed. In the circumstances, it was not possible to confirm the propriety of the expenditure of Kshs 47,155,000 reported to have been incurred on transfers to other governments during the year under review.

Management Response

Sango T.T.C

2026. According to the code list, the activity was completion of tuition block at Kshs 8,000,000. At the time of audit, the project was ongoing but has since been completed.

Mukhobola Primary school

2027. According to the code list, the activity was renovation of 4 classrooms to completion. At the time of audit, the project was ongoing but has since been completed.

Lunyofu Primary school

2028. According to the code list, the activity was construction of classrooms to completion. At the time of audit, the project was ongoing but has since been completed.

Committee Observations

2029. The Committee noted that following physical verification of three of the projects by the Auditor, it revealed that the construction works were not done as specified in the bill of quantities.

2030. The query remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.

4. Delayed Cultural Project

2031. During the year under review, the fund incurred expenditure totaling Kshs 1,000,000 on the purchase of furniture and construction of three shades at Bunyala Cultural Centre. However, physical verification revealed that the project was not executed yet full payment was made to Bunyala PMC. The fund thus failed to provide expected services to the constituency. No plausible explanation has been provided

Management Response

2032. At the time of audit, the project had not been completed. However, the same has now been completed and is in use.

Committee Observation

2033. The Committee observed that at the time of the project had not been completed. It is now complete and in use.

2034. The query remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.

5. Project Verification Status

2035. The Fund spent Kshs 12,606.905 on emergency, security, mock examination and school tests during the year under review. However, the management did not avail for audit review the returns and progress reports for the projects as submitted by respective PMCs. In the circumstances, it was not possible to evaluate progress on implementation of the projects reported to have been funded under emergency provisions as well as security and education sectors.

Management Response

2036. Copies of the project returns have since been prepared.

Committee Observations

2037. The Committee observed that: -

- (i) Management did not avail the returns and progress reports for the projects for audit review.
- (ii) Copies of the project returns were later availed for audit verification during examination by the Committee.
- (iii) The query remains unresolved due to an ongoing matter concerning allegations of graft between 2007 and 2017.

3.10.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1. Cash and Cash Equivalent

2038. A variance of Kshs 61,000 in the amounts of unpresented cheques recorded in the reconciliation statement and counterfoil bank cheques leaves provided below: -The variance was however not explained. Further it was noted that the bank reconciliation statements contained one 1407 cheques amounting to Kshs 17,729,052 representing payments in cash book but not yet presented to the bank. The cheques dated between 3rd February 2017 and 13th June 2017 had become stale by 30th June 2018 yet had not been reversed. In the circumstances, it is not possible to ascertain the cash and cash equivalent balance of Kshs 15,703,304 as at 30th June 2018 is fairly.

Management Response

2039. The variance of Kshs 61,000 was an error which has since be corrected in the Bank Reconciliation as at 30th June 2018. The stale cheques have since been reversed in the cash book. The cash book extract was provided for review.

Committee Observation

2040. The Committee observed that the management provided evidence that the stale cheques amounting to Kshs 17,729,052 were reversed and replaced in the subsequent financial year. This was verified by the Auditor thereby the query was adequately addressed.

2. Unreconciled Balance in statement assets

2041. A review of the trial balance as at 30th June 2018 reflected a net overstatement of credit side by Kshs 1,222,316. Further, the statement of financial assets and liabilities reflects a figure of Kshs 15,703,304 as total financial assets which differ with the net liabilities totaling Kshs16,925,620, resulting to a variance of Kshs 1,222,316. In the circumstances, it was not possible to ascertain the accuracy and completeness of the final assets reported during the year under review.

Management Response

2042. The error has been corrected in the financial statement of the year ending 30th June 2018.

Committee Observation

2043. The Committee noted that the error was corrected in the financial statement of the year ending 30th June 2018. This was corroborated by the Auditor thereby resolving the query.

3. Other Grants and payments

2044. The Fund provided various floods emergency services amounting to Kshs 2,933,312. However, the services and goods provided were not properly supported in that the payment vouchers were only supported using manual receipts. Further, there was no committee approval or involvement in this relief effort since the imprest bearer seems to have been involved.

Management Response

2045. The payment vouchers, and committee approval minutes have since been provided for the Auditor for review.

Committee Observations

2046. The Committee observed that: -

- (i) Management did not avail payment vouchers and committee approval minutes to support the floods emergency services payment.
- (ii) The payment vouchers and committee approval minutes were later provided for the Auditor to review and verify.

2047. The query was adequately addressed.

4. Committee Expenses

2048. Included in the committee expenses of Kshs 2,703,200 is Kshs 1,777,200 incurred in respect of office administration and committee allowances without proper support documents including approved minutes and attendance register as tabulated. As a result, the probity of committee expenditure amounting to Kshs 1,779,200 could not be confirmed.

Management Response

2049. During the year under review, there was a transition in the office, so it was difficult for the documents to be availed, the copies have since been retrieved and submitted to the Auditor for review.

Committee Observations

2050. The Committee observed that: -

- (i) Supporting documents that is, approved minutes and attendance register were not provided during the time of audit.
- (ii) Copies of the approved minutes and attendance register were later submitted to the Auditor for review.

2051. This was corroborated by the Auditor thereby addressing the query.

5. Un-vouched Expenditure

2052. Payment vouchers amounting to Kshs 3,631,580 which are relating to expenditures towards good and services were not availed for audit review. In the it was not possible to confirm the propriety of goods and services totaling to Kshs 3,631,580.

Management Response

2053. The copies of vouchers and the supporting documents were availed for audit review.

Committee Observations

2054. The Committee observed that: -

- (i) The payment vouchers amounting to Kshs 3,631,580 relating to the expenditures towards good and services were not provided during the time of audit.
- (ii) The copies of the payment vouchers were later availed for audit review.

2055. This was corroborated by the Auditor thereby addressing the query.

6. Lack of an Updated Assets Register

2056. The Fund did not avail the updated asset register of 30th June. Hence, it was not possible to confirm the accuracy and completeness of the fixed asset Register value of Kshs 10,051,729 as reported in the summary of fixed assets.

Management Response

2057. The asset register was updated, and a copy was presented for Audit review.

Committee Observations

2058. The Committee observed that: -

- (i) Management failed to provide the updated asset register during the time of audit.
- (ii) The asset register was updated, and a copy was later presented for audit review.

2059. This was corroborated by the Auditor thereby addressing the query.

7. Completion of Classrooms at Lake View Nandekere Primary School.

2060. During the year under review Fund through the Constituency through the CDF awarded a contract to a local contractor at a sum of Kshs 2,000,000 for completion of classrooms Lake view Nandekere Primary School. However, the procurement minutes, contract opening minutes, tender evaluations, and notification of award, acceptance letter, contract agreement forms and local service order were not availed for audit review. Physical verification revealed that the project remained incomplete despite full allocation having been transferred to the institution. Consequently, it was not possible to ascertain that the tender was awarded in compliance with procurement laws and regulations.

Management Response

2061. The copies of procurement minutes, award letter, letter of acceptance, contract agreement are hereby availed for audit review. Also, a photo of complete classrooms of Lake View Primary School are attached.

Committee Observations

2062. The Committee observed that: -

- (i) **Management provided copies of procurement minutes, award letter, letter of acceptance, contract agreement for audit review.**
- (ii) **A photo of complete classrooms of Lake View Primary School was also submitted for audit verification.**

2063. The query was adequately addressed.

8. Outstanding Employee cost

2064. Review of records indicated that the Fund did not pay staff salaries for six months from August 2017 to January 2018 estimated to cost Kshs 840,426 inclusive of taxes and other statutory deductions. Further, records of temporary staff whose contracts were terminated in February 2018 were not availed for review.

Management Response

2065. Staff were not paid during this time. This was as a result of delay in remittance of money from the Board at the beginning of the financial year. They have however been paid their arrears and separated from the committee at the expiry of their contracts. The staff documents have since been provided.

Committee Observations

2066. The Committee observed that: -

- (i) **Staff were not paid for six months due to delay in remittance of money from the Board at the beginning of the financial year.**
- (ii) **The Management failed to provide records of temporary staff whose contracts were terminated during the time of audit.**
- (iii) **The Staff records were later availed for audit review.**

2067. This was corroborated by the Auditor thereby addressing the query.

3.10.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1. Budgetary Control Performance

2068. The National Assembly approved budget of Kshs 124, 744, to the fund resulting to an underfunding of receipts by Kshs 4,832,254. Budalangi NG-CDF for appropriation during the year under review. However, the summary statements of appropriation: recurrent and development combined indicate the NG-CDF Board has only distributed Kshs 119,911,925 and spent Kshs 105,881,554.00 resulting to an under expenditure of Kshs 13,908,082.00. In addition, during the year under review, the Fund spent Kshs 110,836,097 against the budgeted amount of Kshs 124,744, 179 resulting in under-absorption of Kshs 13,908,082 representing 11.15%.

Management Response

2069. The delay in project implementation was due to delay of disbursement of funds from the Board but the projects have since been implemented. The office had a balance of Kshs 4,832,254 and under expenditure of Kshs 13,908,082. These monies were later on spent on projects in the following FY as evidence by our Project Implementation Status attached.

Committee Observations

2070. The Committee observed that: -

- (i) The delay in project implementation was due to delay of disbursement of funds from the National Treasury.**
- (ii) The budget was fully implemented in the consecutive year**
- (iii) The Project Implementation Status was availed for audit review thereby addressing the query.**

2. Weak implementation of Environmental Projects

2071. Included in other Grants and other payments of Kshs 54,079,233 as shown under note 5 to the financial statements is an expenditure on activities totaling to Kshs 1,736,206 that involved tree planting across the constituency. However, physical verification conducted on the project revealed that most the planted trees had dried.

Management Response

2072. The trees were planted in anticipation of rain, but the rains failed. However, in future the Management will put in place watering mechanism to ensure survival.

Committee Observation

2073. The Committee observed that although the project was undertaken but due to bad weather conditions the trees did not survive. The query was therefore addressed.

3. Delayed Project Implementation

2074. Include in the transfers to other Governments of Kshs 15,000,000 disbursed to 3 secondary Schools (Ruambwa, Sisenye, and ACK Musoma) entitles expenditure of Kshs 33,838,000 during the year. However, a physical verification conducted on the three projects as at the time of audit on 30th June 2020 revealed that the works were yet to commence. Further, review of the PMC bank accounts statements revealed that the accounts had a total of Kshs 24,246,975 which remained unutilized as at 30th June 2020.

Management Response

2075. At the time of Audit, the 3 Secondary schools had not commenced but they are now complete and in use.

Committee Observations

2076. The Committee observed that the completion certificates and colored photographs were availed to the Auditor for verification. Following physical verification by the Auditor the projects have been completed thereby addressing the query.

4. Payment for Incomplete and Substandard Works

2077. Included in the balance of transfers to other government of Kshs 33,838,000 under note 4 to the financial statements is an expenditure of Kshs 2,415,000 On construction of a model storey at ACK Musoma Secondary School. However, a review of the project revealed that the contractor was given notice for defaulting in delivery, site abandonment and non-conformity to BQs specifications.

2078. Further, the bank statements for the PMC's account and bill of quantities were not availed for audit verifications.

2079. In the circumstances, it was not possible to ascertain whether the project resources were applied in an effective, efficient, economical and transparent manner in line with section 149(1b) of the PFM Act of 2012.

Management Response

2080. The contractor later on went on site and completed the project as shown in the annexed photo.

Committee Observation

2081. The Committee observed that the query was adequately addressed.

3.10.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1. Budgetary Control and Performance

2082. The summary statement of appropriation-recurrent and development reflects final receipts budget and actual on comparable basis of Kshs 212,960,290 and Ksh 130,616,704 respectively, resulting to under-funding of Kshs 82,343,586 Or 39% of the budget. Similarly, the Fund spent Kshs 71,765,593 against an approved budget of Kshs 212,960,000 resulting to under-expenditure of Kshs 141,194,593 or 66% of the budget. The underfunding and under performance affected planned activities and may impact negatively on service delivery to the public.

Management Response

2083. The delay in project implementation was due to delay of disbursement of funds from the Board but the projects have since been implemented.

Committee Observations

2084. The Committee observed that the delay in project implementation was due to delay of disbursement of funds from the National Treasury and the projects have been implemented thereby addressing the query.

2. Project Performance

2085. Review of project implementation status revealed that the Fund had budgeted to implement total of 52 projects/programmes at a total cost of 167,961,000 across various sectors during the year under review. However, further analysis revealed that 23 projects or 44% had not started, 21 projects or 40% were still ongoing while 8 or 15% of the projects had been completed as at the time of audit in February 2021. In the circumstances, the Fund failed to implement all its planned projects as approved, and this may have impacted negatively on service delivery to the public.

Management Response

2086. The delay in project implementation was due to delay of disbursement of funds from the Board but the projects have since been implemented. The 23 projects that had not started and the 21 ongoing projects were completed in the following subsequent year as shown.

Committee Observation

2087. The Committee observed that the delay in project implementation was due to delay of disbursement of funds from the National Treasury. The project photos and completion certificates were provided for audit review. The Auditor physically verified that the projects have been completed and are in use thereby addressing the query.

3.10.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1. Inaccuracy of expenditure on Use of Goods and Services

2088. The statement of receipts and payments reflects an amount of Kshs 12,444,750 under the use of goods and services which includes as shown under note 5 Kshs 6,072,320 relating to committee expenses. However, a supporting schedule provided for audit, reflects an amount of Kshs 8,170,820. No explanation was given for variance of Kshs 2,098,500. Consequently, the accuracy of the amount of Kshs 6,072,320 could not be confirmed.

Management Response

2089. The error was due to misclassification, the committee expenses is Kshs. 6,072,320. The corrected schedule is provided.

Committee Observation

2090. The Committee observed that query was addressed as the correct schedule following the error noted in the committee expenses was availed to the Auditor for verification.

Other Matter

2. Budgetary Control and Performance

2091. The summary statement of appropriation indicates that the Fund had approved budget of Kshs. 271,383,576 but realized actual receipts of Kshs. 218,218,835 or 80% of the budget. The resultant underfunding difference of Kshs. 53,164,741 was unexplained. Further, out of the actual receipts of Kshs, 218,218,835, the Fund utilized Kshs. 181,214,295 or 83% of the budget. The underutilization of available funds by Kshs. 37,004,540 was not explained.

Management Response

2092. The delay in project implementation was due to delay of disbursement of funds from the Board but the projects have since been implemented.

Committee Observation

2093. The Committee observed that the delay in project implementation was due to delay of disbursement of funds from the National Treasury and the projects have been implemented thereby addressing the query.

3. Unresolved Prior Year Matters

2094. In the audit of the previous year several issues were raised. However, the management has not resolved the issues or provided any explanation for failure to adhere to the provisions of the Public Sector Accounting.

Management Response

2095. The various issues that were raised by the auditor were addressed.

Committee Observation

2096. The Committee observed that the query was addressed as the issues raised by the Auditor were resolved.

3.10.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1. Unsupported expenditure on Training

2097. The statement of goods and services reflects an amount of Kshs 12,211,804 in the respect of goods and services which as disclosed in note 6 to the financial statement includes Kshs 2,805,200 relating to training expenses. Further, the expenditure of Kshs 2,805,200 includes an amount of Kshs 1,246,700 for which committee minutes, work tickets, and attendance registers were not provided for audit review. In the circumstances, the propriety of the expenditure of Kshs 1,246,700 could not be confirmed.

Management Response

2098. The statement of the chairman had an analysis of the actual expenditures that related to the current financial year. However, the errors have been regraded and the financial statements amended to reflect the correct position.

Committee Observation

2099. The Committee observed that the query arose because committee minutes, work tickets, and attendance registers were not submitted during the audit period. The training reports and attendance registers for the mentioned trainings were later availed to the Auditor for verification. The query was addressed.

2. Budgetary Control and Performance

2100. The summary of statement of appropriation reflects receipts budget and actual on comparable basis of Kshs 227,258,160 and Kshs 207,093,419 respectively resulting to under-funding of Kshs 20,164,741 or 9% of the budget. Similarly, the statement reflects actual expenditure of Kshs 202,814,342 against approved budget of 227,258,160 resulting in under-performance of Kshs 24,443,342 or 11% of the budget. In the circumstances the under-funding and the under-performance affected planned activities and may impact negatively on service delivery to the public.

Management Response

2101. The delay in project implementation was due to delay of disbursement of funds from the Board but the projects have since been implemented.

Committee Observation

2102. The Committee observed that: the delay in project implementation was due to delay of disbursement of funds from the National Treasury. The budget was fully implemented in the consecutive year. The Project photographs and Project Implementation Status were availed for audit review thereby addressing the query.

3.11 KIHARU CONSTITUENCY

2103. The Fund Account Manager for **Kiharu Constituency** appeared before the Committee on Friday, 1st November 2024, tabled the NG-CDF management responses and supporting documents on the audited accounts, and submitted as follows

3.11.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1. Accuracy and completeness of Financial Statements

2104. The financial statements presented for the audit for the year ended 30 June 2014 did not include statement of cash flows as requirement by International Public Sector Accounting Standards (IPSAS). Further, the CDF did not prepare the statement of appropriation as

required. In addition, no trial balance and ledgers were provided for audit review to support the financial statements balances as at 30 June 2014. No reason has been provided for failure to comply with these requirements.

Management Response

2105. The failure to attach statement of cash flows, statement of appropriation, trial balance and ledgers was an oversight associated with first time adoption of International Public Sector Accounting Standards (IPSAS). The statements and records referred to have since been prepared and availed to the Auditor for review.

Committee Observation

2106. The Committee observed that the query was adequately addressed.

2. Cash and Bank Balances

2107. The financial statements reflected cash and bank balances of Kshs. 40,638,629.10 as at 30 June 2014. However, records maintained by the CDF office showed balances amounting to Kshs. 35,814,273 as at the same date comprising of cash in hand balance of Kshs 1,110,000.00 bank balances at Family Bank and Co-operative Bank accounts totaling Kshs. 34,427,929.30 and Kshs 276,343.90 respectively. The resultant difference of Kshs 4,824,355.90 was not reconciled.

2108. Further, cash in hand balance of Kshs.1,110,000.00 was not supported with board of survey certificate. Consequently, the accuracy of the cash and cash equivalent balance amounting to Kshs.40,638,629.10 as at 30 June 2014 could not be confirmed.

Management Response

2109. The difference in cash and bank balances between the cashbook and financial statements was as a result of an error in the financial statements which failed to factor closing cash book balances for both Kiharu NG-CDF accounts at Co-operative Bank Murang'a and Family Bank Murang'a following transfer of the account from the former to the latter. The financial statements have since been revised to correct the error and reconcile the balances.

2110. The revised financial statements have since been availed to the Auditor for review. The cash in hand amounting to Kshs. 1,110,000.00 which was in relation to un-surrendered imprest as at close of the 2013/14 f/y has also been factored in the revised financial statements. Additionally, the un-surrendered imprest has since been surrendered. Attached please find copies of revised financial statements, cash book extract, board of survey certificate and a copy of imprest register

Committee Observation

2111. The Committee observed that the revised financial statements and cashbook extract were availed for audit verification. The query was adequately addressed.

3. Other Grants and Transfers

- 2112.** The statements of receipts and payments reflected other grants amounting Kshs.56,512,500.00 out of which Kshs.32,362,500.00 related to bursary payments. It was noted that CDF allocated Kshs.13,296,058.90 in 2013/14 financial year and Kshs.2,665,064.00 in 2012/13 financial year which had not been spent at the beginning of 2013/2014 financial year resulting to a total of Kshs.25,961,122.90. The additional amount of Kshs.6,401,378.00 reallocated to bursary from other votes was not approved and therefore might have been irregular.
- 2113.** Further, the bursary payments amounting Kshs.32,362,500.00 lacked supporting bursary acknowledgement details. Consequently, residents of Kiharu did not obtain the planned and promised services as at 30 June 2014 and we could not ascertain that the bursaries reached the intended beneficiaries.

Management Response

- 2114.** The additional expenditure of Kshs.6,401,378 on bursary was an approved re-allocation by the NG-CDF Board. Substantially all acknowledgement receipts for bursary funds disbursed to various institutions have been received at the NG-CDF office. To improve on the situation, the Kiharu NG-CDF Committee has made it mandatory for the institutions to acknowledge the bursary receipt by issuing official receipts totaling to the bursary issued to the institutions. The Committee has also engaged the Postal Corporation services to deliver bursary cheques with more than one beneficiary to the beneficiary institution and return the acknowledgement receipts to the NG-CDF office. This has led to improvement in rate of acknowledgements received. Attached please find a copy of approval for re-allocation from the NG-CDF Board and a copy of postal corporation agreement

Committee Observation

- 2115.** The Committee observed that reallocation was approved by the board. The query was adequately addressed.

4. Unsupported Expenditure

- 2116.** As previously reported, during the year ended 30 June 2013, expenditure returns and payment vouchers for various projects amounting Kshs 44,242,620.00 were not availed for audit verification. A review of the progress and effort made to account for funds revealed that expenditure returns for the projects totaling Kshs 6,210,000.00 were provided for audit verification, leaving a balance of Kshs. 38,032,620.00 still unsupported to date. Consequently, the propriety of the expenditure of Kshs. 38,032,620.00 could not be confirmed.

Management Response

2117. The expenditure returns totaling Kshs. 38,032,620, the completion certificate and respective projects photos have since been presented to the auditor for review. Attached please find copies of the referred documents.

Committee Observation

2118. The Committee observed that completion certificates and photos were availed for audit verification. The query was adequately addressed.

5.Unutilized CDF Office

2119. As previously reported during the year 2012/2013, records maintained at Kiharu CDF office indicate that CDF management spent a total of Kshs 6,688,431.00 on construction of CDF office at Kahuro since 2007/2008. Physical verification showed the office was complete although it was not occupied. Further, the CDF was still hiring offices and had paid Kshs 1,208,027.00 on rent as at 30 June 2014 despite completion of the office which amounts to misuse of public.

Management Response

2120. At the time of implementation of the said project, NG-CDFC had anticipated that the constituency would be subdivided into two constituencies due to its expansive geographical coverage though that did not happen. NG-CDFC has since occupied part of the office as its center for Kahuro Sub County operations and allowed other government departments within Kahuro Sub County to utilize the remaining offices following request by the DCC Kahuro Sub County.

2121. NG-CDFC has been unable to vacate its rented offices at Murang'a town on grounds that: -

- a) Kiharu constituency is expansive with two Sub Counties under one constituency namely Murang'a East and Kahuro Sub Counties and shifting NG-CDF offices to Kahuro would greatly hinder service delivery to residents from the extreme ends of the constituency
- b) All other Government Departments that work hand in hand with NG-CDF like the District Treasury and Public Works as well as the County Government HQs are all at Murang'a Town

2122. NG-CDFC is currently in the process of sourcing land within Murang'a town for construction of a permanent office. Attached please find correspondence by the DCC Kahuro Sub County and NG-CDFC as well as minutes resolution of the NG-CDFC.

Committee Observation

2123. The Committee observed that the query was adequately addressed.

3.11.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1. Cash and Cash Equivalents

2124. The statement of financial assets reflects bank balances of Kshs.14, 132,546.90 as at 30 June 2015. However, stale cheques amounting to Kshs.599, 441 were erroneously excluded from the bank balances of Kshs.14, 132,546.90. No reason was provided for not reversing the stale cheques into the cashbook. In the circumstances, the accuracy of cash and cash equivalents balance of Kshs. 14,132,546.90 could not be confirmed

Management Response

2125. The stale cheques amounting to Kshs. 599,441 erroneously excluded from the bank balances have since been cancelled and reversed in the cash book. The stale cheques were as a result of individual bursary cheques not being taken to various payee institutions for receipt. Find attached schedule of the referred stale cheques showing dates of reversal and replacement in the cash book and extract copy of the cash book reflecting the reversal and replacement

Committee Observation

2126. The Committee observed that the cashbook extracts showing reversal were availed for audit verification. The query was adequately addressed.

2. Unsupported transfer from CDF Board

2127. The statement of receipts and payments includes transfers from CDF Board amounting to Kshs. 109,517,813.80. However, the management did not provide for audit review details of one un-referenced AIE amounting to Kshs. 1,920,580.40 which is included in the receipts. The purpose and propriety for this disbursement could therefore not be verified.

Management Response

2128. The Kshs.1,920,580.40 was not a transfer from CDF Board but a transfer from the former Kiharu NG-CDF account No. 01120055743900 at Co-operative bank to the newly opened Kiharu NG-CDF account No. 006000020013 at Family bank upon closure of the Co-operative bank account and subsequent opening of the Family Bank account.

2129. Attached please find the Co-operative bank account statement reflecting transfer of the referred amount to the newly opened account at Family Bank

Committee Observation

2130. The Committee observed bank statements reflecting transfer of amount to the new opened account were availed for audit verification. The query was adequately addressed.

3. Unsupported Bursary Payments

2131. The Kiharu CDF Committee paid bursaries amounting to Kshs.15, 953,002 vide payment voucher No. 192 dated 26 January 2015 for needy students in various secondary schools and colleges. However, the list of beneficiaries for bursary awards amounting to Kshs. 11, 109,879 availed for audit review did not have acknowledgment receipts issued by the respective schools.

2132. Under the circumstances, it has not been possible to ascertain whether the listed students actually benefited from the kitty and that the funds were properly accounted for.

Management Response

2133. As at the time of audit, some of the bursary acknowledgements had not been submitted back to the office. However, the bursary acknowledgements have since been submitted by the beneficiary institutions and submitted to the auditor for review. Attached please sampled copies of the acknowledgements.

Committee Observation

2134. The Committee observed that the letter from the DCC confirming that the land is government owned was availed for audit review. Management also provided documents supporting the extra Ksh.3million for verification. The query was adequately addressed.

4. Poor Workmanship and Idle Project - Karemaini Dispensary

2135. Kiharu CDF disbursed an amount of Kshs. 2, 500,000 vide payment voucher No. 211 dated 1 April 2015 to Karemaini Dispensary Project for the construction of a dispensary to completion. This project entailed slab works, walling, roofing, flooring and inner finishing including painting. Physical verification carried out on the project in January 2016 revealed that the floor had numerous wide cracks which is a sign of poor workmanship and the facility had not been put to use despite it being complete. Further, the project expenditure returns were not provided for audit verification. In the circumstances, it was not possible to ascertain the propriety and value for money on the expenditure.

Management Response

2136. The project was implemented on full contract basis whereby the contractor namely Blackwood Limited was sourced through a competitive tendering process. The retention money withheld upon payment to the contractor has since been utilized by the project management Committee (PMC) to repair the defects on the floor which according to inspection by the County Works Officer – Murang'a, the cracks are only on the topmost floor screed and not the concrete floor slab supposedly as a result of poor curing of the floor screed which happened within the six months defects liability period.

2137. The facility is currently fully operational under the County Government of Murang'a and is delivering the intended services to the area community. Attached please find the project's bank statement, letter by Fund Account Manager to the contractor to make good the defects, payment certificate and inspection report on repair of the defects by County Works Officer Murang'a and a colored photo of the dispensary.

Committee Observation

2138. The Committee observed that the completion certificates and photos were availed for audit verification. The project is complete and in use. The query was adequately addressed.

5. Unsupported Expenditure and Double Funding for Nyakihai Water Project

2139. An amount of Kshs. 2,800,000 was disbursed to Nyakihai Water Project to connect Nyakihai area to the water supply from Murang'a town. This was to be done under the technical advice and input of Murang'a Water and Sanitation Company (MUWASCO). The project had received an initial allocation amounting to Kshs. 2,000,000 in 2012/2013 financial year and this additional funding of Kshs. 2,800,000 was allocated in 2013/2014 but disbursed in 2014/2015.

2140. However, there were no expenditure returns to show how the funds were utilized and accounted for. Further, during a physical verification of the project in January 2016, it was noted that the project had been partially implemented in accordance with design and specifications but, there was no water supply in the areas said to have been connected to the water line. In the circumstances, it has not been possible to ascertain the propriety and value for money on the expenditure incurred on this project.

Management Response

2141. The allocation in 2013/14 financial year in relation to the referred project was as below:

- i) Kshs.1,400,000 to Nyakihai Water Project for provision of water to Nyakihai village from Murang'a town by trenching and laying of pipes.
- ii) Kshs.1,400,000 to Nyakihai Water Hydrant project for construction of a hydrant at Nyakihai village and piping into kaigwa water tank by trenching and laying water pipes from Gakurwe line.

2142. The funds for Nyakihai Water Hydrant Project had erroneously been credited to Nyakihai Water Project account No. 006000021729 at Family Bank Murang'a on 10 February 2015 and upon detection, the amount was reversed and channeled to the right account on 11 February 2015. Kiharu NG-CDF implemented the project in association with Murang'a Water & Sewerage Company (MUWASCO) - the area water services provider, who were offering technical advice and carrying out supervision during the project implementation. Kiharu CDF wrote to MUWASCO on 27 May 2016 asking the company to check into the system and ensure the anomalies are rectified so that the community may access water and the service provider undertook to ensure the community has access to water. Attached please find copies

of our correspondence with MUWASCO confirming periodic flow of water to Nyakihai village, copy of the project BQ, the project's bank account statements reflecting the reversal and project's expenditure returns

Committee Observation

2143. The Committee observed that copies of bill of quantities, certificate of bank balance and expenditure returns were availed for audit verification. The query was adequately addressed.

6. Funding of Incomplete Road Works

2144. Kiharu CDF disbursed an amount of Kshs.1, 500,000 to Mjini Road Project for road works vide payment voucher No. 203 and cheque No. 1586. The works entailed, bush clearing, upgrading and gravelling of 2 Kms of the road at a cost of Kshs. 1,500,000. However, physical verification of the project in January 2016 revealed that only a length of 0.6 km of the road had been graveled instead of the specified length of 2 Kms. In the circumstances, it was not possible to ascertain the propriety and value for money on Kshs.1,500,000 disbursed for the project.

Management Response.

2145. The project was partially funded to the tune of Kshs. 1,500,000 towards upgrading of Mjini roads by bush clearing, light grading and gravel patching. The entire project was estimated to cost Kshs. 3,785,340.

2146. Though the length of the roads is approximately 2 kms, the available funds were only adequate for 540m³ of gravel alongside bush clearing and light grading. The contractor was only paid for the works done based on certification by the Roads Engineer - KERRA. Attached please find the Engineer's estimates for the entire project and certification by the Roads Engineer – KERRA for works done.

Committee Observation

2147. The Committee observed that query was adequately addressed.

Other Matter

7. Overall Budget Execution

2148. Review of summary statement of appropriation revealed 73% and 91% overall budget utilization on receipts and expenditure respectively as follows:

Item	Budget- Kshs	Actual- Kshs	Difference – Under Kshs	Actual as % of budget
Receipts	149,933,073	109,517,831	40,415,242	73%
Expenditure	149,933,073	135,857,762	14,075,311	91%

2149. The above analysis reflects actual receipts of Kshs. 109, 517,831 against the budgeted amount of Kshs.149, 933,073 resulting in a shortfall of Kshs. 40,415,242 undisbursed funds from the CDF Board. Further, the CDF incurred an under expenditure of Kshs. 14,075,311 or 9% of the approved budget of Kshs.148, 933,073. The low utilization of the budget was attributed to delay in disbursement of funds by the CDF Board

Management Response

2150. The underfunding as indicated by the Auditor has since been addressed by the NG-CDF Board by subsequent disbursement of funds due to the constituency and issuance of AIEs authorizing the expenditure as below:

- AIE No. A790836 dated 3 September 2015 for Kshs. 42,219,061
- AIE No. A724002 dated 2 November 2015 for Kshs. 12,511,487

Committee Observation

2151. The Committee observed that copies of AIEs were availed for audit verification. The query was adequately addressed.

8. Development Projects Implementation

8.1 2014/2015 Projects Implementation

2152. A total of Kshs.68, 520,116 was allocated to finance seventy-six (76) projects in 2014/2015 budget and Kshs.65, 520,116 was received and disbursed to the projects. However, the implementation of the projects was behind schedule although most of budgeted funds were received and disbursed for projects implementation. As at 30 June 2015, fourteen (14) projects were complete, fifty-nine (59) projects were on going and three (3) projects had not been implemented as follows:

Sector	No. of budgeted projects	Budget-Kshs	Actual disbursements	No. completed	No. of ongoing projects	% level of implementation
Primary school	18	12,000,00	12,000,000	10	18	100
Secondary school	5	3,850,000	3,850,000	0	5	100
Health	1	800,000	800,000	0	1	100
Water	14	26,220,116	25,820,116	0	13	98
Roads	9	10,500,000	7,900,000	6	1	75
Security	24	9,650,000	9,650,000	8	16	100
Electricity	5	5,500,000	5,500,000	0	5	100

2153. There were no reasons given for the failure to implement some of the approved projects. The people of Kiharu were therefore denied the services that the project would have offered.

Management Response

2154. The referred delay in disbursement of funds for some of the approved water and roads projects was as a result of the preliminary procedures for release of the funds to PMCs especially site visit by technical officers so as to take measurements and come up with bills of quantities for the project. NG-CDFC has since released funds to the referred projects and have since been implemented to completion and the projects returns availed to the Auditor for review. Attached please find list of the individual projects, projects completion certificates and photos.

Committee Observation

2155. The Committee observed that project completion certificates and photos were availed for audit verification. The projects are complete and in use. The query was adequately addressed.

8.2 2013/2014 and 2012/2013 Development Projects Implementation

2156. During the year 2013/2014, a total of Kshs. 7,000,000 was disbursed to seven (7) street lighting projects as follows:

No	Project Name	Project	Area	Budget	Disbursed	Remarks
1.	Kahatia Street light project	Installation of street lights	Murarandia	900,000	1,000,000	Malfunctioned and over funded
2.	Kahuro street lights project	Installation of street lights	Mugoiri	900,000	1,000,000	Malfunctioned and over funded
3.	Kambirwa Street lights project	Installation of street lights	Mbiri	1,000,000	1,000,000	Malfunctioned
4.	Karuri street lights project	Installation of street lights	Wangu	900,000	1,000,000	Malfunctioned and overfunded
5.	Mugeka Street lights project	Installation of street lights	Gaturi	1,000,000	1,000,000	Malfunction
6.	Murang'a street lights project	Installation of street lights	Township	800,000	1,000,000	Malfunctioned and over funded
7.	Ndikwe street lights project	Installation of street lights	Mbiri	900,000	1,000,000	Malfunctioned and over funded
	TOTAL			6,400,000	7,000,000	

2157. However, the projects were rated as having malfunctioned after implementation. It appears that the public did not benefit from the projects and therefore the propriety of the expenditure could not be confirmed. Further, it was noted that other projects with a budget allocation of Kshs.7, 199,810 had stalled due to lack of adequate funding. Records indicate that an amount of Kshs.4, 482,759 was disbursed to projects' accounts but no work had been carried out. The details of the projects are as follows;

Table 2: Stalled Projects

	Project	Details	Area	Period	Budget-Kshs	Amount disbursed	Balance	Remarks
1	Gatara Dispensary	Construction of prefabricated staff houses	Murarandia	2013/14	1,700,000	1,700,000	0	Extra funds needed to complete the projects
2	Githagara Dispensary	Construction of prefabricated staff houses	Mugoiri	2013/14	1,082,759	1,082,759	0	Extra funds needed to complete the project
3	Wanjengi Dispensary	Construction of prefabricated staff houses	Wangu	2013/14	1,700,000	1,700,000	0	Extra funds needed to complete the project
4	Kadudu Nursery	Renovation of two classrooms	Township	2012/13	717,051		717,051	Funded but more funding needed
5	Kenya Medical Training College	Walling, plastering, roofing, flooring, windows and doors of first floor of 2 classrooms	Township	2012/13	2,000,000		2,000,000	Funded but more funding needed.
			TOTAL		7,199,810	4,482,759	2,717,051	

- 2158.** The projects funds may therefore go to waste if the CDFC fails to fund and complete the project to serve the intended purpose. Consequently, it has not been possible to confirm the propriety of expenditure on the above projects. No reason was given for slow implementation of the projects.

Management Response

- 2159.** The street lights were funded as per the approved code list without any over funding. Upon completion, the street lights were handed over to Murang'a County Government which undertook to be in charge of maintenance and payment of power bills. Attached please find copy of the approved code list, copies of payment vouchers for disbursement of funds to the projects, extract copy of the cash book showing transfer of funds to the project's accounts and the referred letter by Murang'a County Government.
- 2160.** Kiharu NG-CDF had undertaken to allocate additional funding for completion of the three-dispensary staff houses by plumbing, electrification, tiling and painting, being the only works remaining for completion of the projects, but allocation of additional funds to the projects was not possible since the Act had been amended disallowing allocation of funds to projects falling under devolved functions. Kiharu NG-CDF declared them to the NG-CDF Board on 17 January 2018 as ongoing projects under devolved functions giving estimates for completion of the projects and forwarded the same to Murang'a County Government. Attached please find copies of the referred forwarding letters
- 2161.** For Kandundu Nursery, then under Mbiri Primary school, Kiharu NG-CDFC allocated the project additional Kshs. 300,000 in 2016/2017 financial year and the project has since been implemented to completion. See copy of approved code list for additional allocation, final inspection report by County Public Works Officer and the project's photos.

Committee Observation

- 2162.** The Committee observed that the copies of approved codelist, project implementation status report and photos were availed for audit verification. The query was adequately addressed.

9. Unresolved Prior Year Matter

9.1 Unutilized CDF Office

- 2163.** As reported during the year 2013/2014, records maintained at Kiharu CDF Office indicated that the CDF management had spent a total of Kshs.9, 988,431.00 on construction of a CDF office at Kahuro since 2007/2008. Physical verification showed that the office was complete and it was being partly used by the area member of parliament as Constituency office. However, the CDF Office was still hiring office space and had paid Kshs.373, 079.00 on rent as at 30 June 2015 despite the fact that the new offices were complete. This amounts to wastage of public funds. In addition, it was revealed that efforts by the CDF Office to lease out the building were futile.

2164. The potential lessees cited the remoteness and accessibility meaning that the office management had not carried out proper feasibility studies. Further the CDF office did not have title deed to prove ownership of the parcel of land on which the office is situated. In view of the foregoing, the CDFC did not exercise prudent management of public resources leading to unnecessary and avoidable waste of public funds.

Management Response

2165. At the time of implementation of the said project, NG-CDFC had anticipated that the constituency would be subdivided into two constituencies due to its expansive geographical coverage though that did not happen. NG-CDFC has since occupied part of the office as its centre for Kahuro Sub County operations and allowed other government departments within Kahuro Sub County to utilise the remaining offices following request by the DCC Kahuro Sub County.

2166. NG-CDFC has been unable to vacate its rented offices at Murang'a town on grounds that:-

- a) Kiharu constituency is expansive with two Sub Counties under one constituency namely Murang'a East and Kahuro Sub Counties and shifting NG-CDF offices to Kahuro would greatly hinder service delivery to residents from the extreme ends of the constituency
- b) All other Government Departments that work hand in hand with NG-CDF like the District Treasury and Public Works as well as the County Government HQs are all at Murang'a Town

2167. NG-CDFC is currently in the process of sourcing land within Murang'a town for construction of a permanent office. Attached please find correspondence by the DCC Kahuro Sub-County and NG-CDFC as well as minutes resolution of the NG-CDFC.

Committee Observation

2168. The Committee observed that the audit query was adequately addressed.

3.11.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1. Transfers from NG-CDF Board

2169. The statement of receipts and payments for the year ended 30 June 2016 reflects receipts from NG-CDF Board of Kshs.160,243,514. However, the summary statement of appropriation, recurrent and development combined indicate actual receipts of Kshs.174,376,060 during the year under review resulting in un-reconciled and unexplained variance of Kshs.14,132,546. Consequently, the accuracy and completeness of transfers from NG-CDF Board of Kshs.160, 243,514 for the year ended 30 June 2016 could not be confirmed

2170. The statement of receipts and payments for the year ended 30 June 2016 reflects receipts from NG-CDF Board of Kshs.160,243,514. However, the summary statement of appropriation, recurrent and development combined indicate actual receipts of Kshs.174, 376,060 during the year under review resulting in un-reconciled and unexplained variance of

Kshs.14,132,546. Consequently, the accuracy and completeness of transfers from NG-CDF Board of Kshs.160, 243,514 for the year ended 30 June 2016 could not be confirmed.

Management Response

2171. The Kshs.14,132,546 variances are the closing balance for 2014/2015 financial year b/d in 2015/2016 financial year and thereby available for use over the period hence captured under receipts in the summary statement of appropriation. Attached please find copy of summary statement of appropriation, notes 1 and 10 to the financial statements and extract copy of the cash book.

Committee Observation

2172. The Committee observed that copies of cash book extract were availed for audit verification. The query was adequately addressed.

2. Unaccounted for Cash Withdrawals

2173. A review of CDF cash book and bank statements for the period under review indicate that on 28 January 2016 and 29 April 2016, cash withdrawals amounting to Kshs.49, 000 and Kshs. 199, 000 respectively were made by the Fund Account Manager allegedly on behalf of Gitiri-Kahithe road project management Committee. However, the cash withdrawals were not supported with any documentary evidence hence it remains unaccounted for. As a result, the propriety of funds totaling Kshs. 248, 000 withdrawn during the year end 30 June 2016 could not be confirmed.

Management Response

2174. The withdrawals were not from Kiharu NG-CDF main account but from Gitiri Kahithe Road Project account and were not by the Fund Account Manager but by the authorized member of the PMC. The said amount was for the project administrative expenses in accordance with Sec 9 of the NG-CDF Act 2015 which stipulates that PMCs shall set aside a sum not exceeding 5% for the project administrative expenses. The referred project having been allocated a total of Kshs. 5,000,000 in 2015/2016 financial year for rehabilitation of two inter-twined road sections, the allowable amount for administrative expenses was a sum total of Kshs. 250,000.

2175. The PMC utilized the said funds in liaison with the contractor on site for administrative expenses key among them: –

- (a) Erection of signage
- (b) Security for materials on site
- (c) Local transport and travel
- (d) Communication airtime
- (e) Stationery
- (f) PMC members allowances during site meetings

- (g) Facilitation for KERRA Engineers for site visit, documentation, supervision, inspection and reporting.

Committee Observation

2176. The Committee observed that the project bank account statement and the PMC return for the administrative expenses were availed for audit verification. The query was adequately addressed.

Other Matter

3. Budget Performance

2177. During the year under review, the Kiharu CDF approved expenditure allocation total Kshs. 184,876,060, against actual total expenditure of Kshs. 134,618,588.25 (73%), resulting in under expenditure of Kshs. 50,257,472.75. No explanation was provided for the underperformance on the budget. Further, records indicate that an amount Kshs. 2 million was disbursed to project management Committee bank account on 12 February 2016 for the implementation of Ndutumi water project. However, records showed that this project was not implemented in the year. In addition, no bank statements and projects records were provided for audit verification to confirm that the cash for this project was still held in the Project Management Committee (PMC) bank account.
2178. Failure to implement approved projects jeopardizes service delivery to the residents of Kiharu Constituency.

Management Response

2179. The underperformance was as a result of late disbursement of funds to the constituency by the NG-CDF Board whereby Kshs. 47,512,966 out of the referred Kshs. 50,257,472.75 was disbursed towards end of the financial year for which two AIEs were issued authorizing expenditure as below: -
- AIE No. A825657 dated 3 June 2016 for Kshs.29,000,000.
 - AIE No. A825758 dated 13 June 2016 for Kshs.18,512,966.
2180. Kiharu NG-CDF reported the un-utilized funds as adjustments to receipts in the year of disbursement and returns availed to the Auditor for review. Attached please find copies of the referred AIEs.
2181. Implementation of Ndutumi Water Project delayed following delay by Murang'a County Government to issue specifications and BQs for the project to the PMC with implementation happening at the time of transition of devolved functions that were still under NG-CDF to County Governments. Upon obtaining the specifications, the PMC implemented the project to completion in liaison with Murang'a County Government. Attached please find copy of the projects bank statement and the project records.

Committee Observation

2182. The Committee observed that the project bank statements, completion certificates and photos were availed for audit verification. The query was adequately addressed.

4. Upgrading of Mbari Ya Hiti Gitiri Kahithe Road

2183. The statement of receipts and payments for the year ended 30 June 2016 reflects other grants and transfers of Kshs. 97,229,101 as detailed in note 7 to the financial statements. Included in this figure is expenditure on roads totaling Kshs. 32,700,000 out of which Kshs. 5,000,000 was in respect of gravelling, grading, bush clearing and ditch cleaning of Mbari Ya Hiti Gitiri-Kahithe road. Records made available for audit indicate that contract for the road was procured by CDF Committee through restricted tendering method and a local contractor M/s Limargo Limited was awarded the tender at a sum of Kshs. 4,107,080 being the lowest evaluated bidder. According to tender award notification letter dated 19 February 2016, the tender period was set to be six (6) weeks after signing of the contract agreement. However, a review of payments records indicate that the contractor was paid a total of Kshs. 5,000,000 in two installments of Kshs. 4,000,000 and Kshs. 1,000,000 dated 10 February 2016 and 26 June 2016 respectively, resulting to unexplained overpayment of Kshs. 892,920 in excess of contract sum. In the circumstances, the propriety of the excess payment of Kshs. 892,920 on the project could not be confirmed.

Management Response

2184. Mbari ya Hiti, Gitiri – Kahithe road was allocated Kshs. 5,000,000 in 2015/2016 financial year for rehabilitation of two distinct but inter-twined sections namely: -

a) Kahithe - Gitiri section (Jct. E525)

b) Gitiri – Mbari Ya Hiti section (RAR 5 – Jct. E525 – RAR 5A)

2185. The funds were released in two tranches of Kshs. 4,000,000 and Kshs. 1,000,000 by the NG-CDF Board and procurement for works for the two sections was conducted separately whereby M/s Limargo Limited won the tender for upgrading of both sections at Kshs. 4,107,080 for section A inclusive of provision for PMC administration and Kshs. 950,000 for section B exclusive of provision for PMC administration.

2186. The section B works were carried out under supervision by the Constituency Roads Officer – KERRA who issued authorization for payment upon inspection of the works vide letter ref: KeRRA/15-04/KIHA/Vol.111/55. Attached please find copy of the Engineer's Estimates for the referred inter-twined sections of the road, the procurement documents for both sections, certificate of payment by Constituency Roads Officer – KERRA and the project's bank statement.

Committee Observation

2187. The Committee observed that the projects bank balance, completion certificate and photos were availed for audit verification. The query was adequately addressed.

5. Sports Projects

2188. Included in note 7 to the financial statements on other grants and payments is an amount of Kshs. 3,500,000 spent on sports projects. However, schedules of expenditure presented for audit review indicate that the amount spent on sports during the year total Kshs. 4,700,000. The resultant difference of Kshs. 1,200,000 was not explained or reconciled. Records further indicate that the amount of Kshs. 4,700,000 was paid to Kiharu Sports Advisory Committee towards purchase of sports items such as boots, T-shirts and track suits among other to facilitate sports activities in the constituency.

2189. However, no details of the beneficiaries, detailed sporting activities or stores records on utilization of the funds were presented for audit review. It was also noted that most of the payments were made in form of cash instead of cheques. No justification was given for this anomaly. As a result, the propriety and accuracy of sports project expenditure during the year ended 30 June 2016 could not be confirmed.

Management Response

2190. The Kshs.1,200,000 were project funds erroneously credited to the sports account and upon detection, the transaction was reversed on 30 October 2015. Upon procurement of sports kits, the Kiharu Sports Advisory Committee issued them out to various teams who countersigned distribution schedules to confirm receipt of the items. Most of the payments were in cash since after payment to the supplier of the sport kits who was paid vide cheque no. 00005, the rest were withdrawals for payments to referees as well as other league facilitation expenses and PMC administrative expenses. Attached please find a copy of Kiharu CDF main account bank statement on reversal of the referred amount, sports kits distribution schedules, schedules for payments to referees as well as league facilitation and sampled photos of the activity.

Committee Observation

2191. The Committee observed that sample photos of the sports activities were availed for audit verification. The query was adequately addressed.

6. Acquisition of Assets

2192. The statement of receipts and payments for the year ended 30 June 2016, reflects acquisition of assets balance of Kshs. 890,990. A review of records indicate that the amount was in respect of purchase of office furniture including 1 executive table, 3 executive chairs, 10 visitors' chairs, 3 cabinets and boardroom table for the CDF office. Although three (3) requests for quotations were floated by the CDF Committee and the lowest evaluated bidder awarded the tender, delivery of the furniture and invoice from the supplier were issued on 13 June 2015,

while quotations opening and evaluation minutes were done on 13 June 2015 and 2 July 2015 respectively, coincidentally dates after delivery of the items. No justification was provided for the apparent irregular procurement. In the circumstances, it has not been possible to confirm that the payment of Kshs. 890,990 during this year was a proper charge to public funds.

Management Response

- 2193.** The delivery notes and invoice from the supplier for supply of office furniture to Kiharu NG-CDF erroneously bore the date 13 June 2015 instead of 13 July 2015 when the items were delivered and received at Kiharu NG-CDF office.
- 2194.** Upon detection, the supplier was notified to correct the error and has since submitted the corrected documents. Attached please find copies of the corrected delivery note and invoice, certificate of inspection and acceptance of the referred items.

Committee Observation

- 2195.** The Committee observed that copies of the delivery notes, invoices and certificates of inspection and acceptance were availed for audit verification. The query was adequately addressed.

7. Unaccounted for Fuel

- 2196.** Included in note 5 to the financial statements for the year ended 30 June 2016 on use of goods and services balance of Kshs. 8,540,217.25 is an amount of Kshs. 408,400 in respect of fuel, oil and lubricants. However, the expenditure was not supported with fuel register and fuel purchased was not recorded in motor vehicle work tickets. Consequently, the propriety of the expenditure of Kshs. 408,400 during the financial year under review, could not be confirmed.

Management Response

- 2197.** The updated fuel register and the work tickets which were not availed during audit exercise have since been availed to the auditor for review.

Committee Observation

- 2198.** The Committee observed that fuel registry and work tickets were availed for audit verification. The query was adequately addressed.

Unsupported Committee Allowances

- 2199.** Note 5 to the financial statements for the period under review reflects use of goods and services balance of Kshs. 8,540,217.25 which includes an amount of Kshs. 1,936,000 in respect of Committee allowances, out of which Kshs. 1,734,500 was spent by constituency development fund Committee on monitoring and evaluation of ongoing projects during the year under review. However, payment vouchers did not include a list of projects visited and

progress reports arising from the visits. In the circumstances, it has not been possible to confirm propriety of the allowances of Kshs. 1,734,500 incurred by CDF Committee during the year ended 30 June 2016 on monitoring and evaluation.

Management Response

2200. Attached please find the M&E reports and minutes for the meetings against which members were paid the referred allowances.

Committee Observation

2201. The Committee observed that the payment vouchers and AIEs were availed for audit verification. The query was adequately addressed.

3.11.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1. Unsupported payment to Rural Electrification Authority

2202. The statement of receipts and payments for the year ended 30 June 2017 reflects a figure of Kshs. 61,903,899 in respect to other grants and transfers out of which Kshs. 5,000,000 was paid to Rural Electrification Authority for rural electrification in five (5) wards within Kiharu constituency. However, expenditure returns showing how funds were utilized and accounted were not provided for audit review. In view of the foregoing, it has not been possible to confirm the regularity of Kshs. 8,000,000 transferred to Rural Electrification Authority.

Management Response

2203. The projects had delayed to commence as REA was seeking to be granted way leave by members of the community whose land was to be by-passed by the power lines. REA has since implemented the said projects as per the BQs and the expenditure returns showing how funds were utilized have since been availed to the Auditor for review.

Committee Observation.

2204. The Committee observed that a copy of a letter to REA acknowledging receipt of funds was availed for audit verification. The query was adequately addressed.

Other Matter

3. Emergency Reserve Projects

2205. Note 7 to the financial statements on other grants and transfers reflects a figure of Kshs. 61,908,898, out of which Kshs. 8,000,000 was spent on emergency projects during the year under review. The projects implemented includes security masts and construction of classrooms for various projects which do not fall under the ambit of the definition of emergency as contained in section 8(1) of the National Government Constituencies Development Fund Act, 2015. The Act defines emergency to mean an urgent, unforeseen need for expenditure for which in the opinion of the Committee cannot be delayed until the next

financial year without harming the public interest of the constituents. The CDF, however, did not provide documentary evidence or explanation to justify the use of emergency reserve on projects which ordinarily would have been catered for under ordinary voted items.

Management Response

2206. NG-CDFC allocated funds to the referred projects which in its opinion could not be delayed without harming public interests of the constituents in accordance with section 8(1) of the National Government Constituencies Development Fund Act, 2015, as below:

Project Name	Amount Allocated (Kshs)
Muringa Pry Sch	500,000
Gaitega Security Mast	800,000
Kigetuini Security Mast	800,000
Kabuta Security Mast	800,000
Kiria Security Mast	800,000
Mukurwe Security Mast	800,000
Gatara Security Mast	800,000
Githagara Security Mast	400,000
Nyakihai Security Mast	1,000,000
Gatheru Security Mast	1,000,000
Mumbi Pri Sch	300,000
TOTAL	8,000,000

2207. The security projects were necessitated by rising cases of insecurity in the respective areas as indicated by the area security personnel who wrote to NG-CDFC to consider funding the referred security projects. The allocation to Muringa primary school was as a result of condemnation of existing storied classrooms block with sagging suspended concrete slab to the first floor which necessitated construction of a new classroom to relocate the learners. The allocation to Mumbi primary school was for renovation of a classroom whose roof had been blown off by strong wind causing cracks in gables and rear wall. Attached please find documentary evidence on the problem statement to detail for the respective projects

Committee Observation

2208. The Committee observed that certificates of making good defects was availed for audit verification. The query was adequately addressed.

4. Overall Budget Performance

2209. During the financial year under review, Kiharu NG-CDF received a total of Kshs. 90,703,770 from the National Government Constituencies Development Fund Board against a budget of Kshs. 132,152,045 resulting to a shortfall in disbursements by Kshs. 41,448,275.

Further, the actual expenditure for the year total Kshs. 85,950,908 representing an absorption rate of 95% of actual receipts. In addition, a review of project implementation status report indicate that the CDF did not implement projects worth Kshs. 45,420,281. The underutilization of the funds and slow implementation of the projects was attributed to delay in disbursement of funds by the NG-CDF Board. Failure to implement projects in time denies the residents the benefits accruing from the projects.

Management Response

2210. The projects not implemented were as a result of delay in disbursement of funds by the NG-CDF Board. The NG-CDF Board has in the subsequent financial years disbursed the Kshs. 41,448,275 dues to the constituency and issued AIEs authorizing expenditure as below:

PARTICULARS	AMOUNT (KSHS)
AIE No. A892585 dated 12 February 2018	30,748,275.10
AIE No. B041374 dated 20 December 2019	10,500,000
AIE No. B042684 dated 2 April 2019.	200,000
TOTAL	41,448,275.10

2211. Kiharu NG-CDF upon receipt of the funds in 2017/2018 and 2018/2019 disbursed them to the respective projects and returns submitted to the Auditor for review within the year of disbursement.

Committee Observation

2212. The Committee observed that a summary statement of appropriation reflecting funds were adjusted was availed for audit verification. The query was adequately addressed.

3.11.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1. Overall Budget Performance

2213. According to the summary statement of appropriation, during the financial year under review, Kiharu NG-CDF received a total of Kshs.79,306,520 from the National Government Constituencies Development Fund Board against a budget of Kshs. 134,091,003 resulting in a shortfall in disbursements by Kshs.54,784,483, representing 41% of the budget. Further, out of the total receipts for the year, the NG-CDF incurred total expenditure of Kshs. 31,965,832 equivalent to absorption rate of rate of 40% of the actual receipts. No satisfactory explanation was provided for the failure to utilize the funds fully, which in turn impacted negatively on service delivery to the residents of Kiharu Constituency.

Management Response

2214. The shortfall in disbursements by Kshs.54,784,483 was represented by total funds not yet disbursed by the NG-CDF Board to the constituency as at 30 June 2018. The NG-CDF Board

in the subsequent 2018/2019 financial year addressed the underfunding by disbursement of the Kshs. 54,784,483 due to the constituency for which it issued AIE No. B005344 dated 7 November 2018 authorizing expenditure. Kiharu NG-CDF upon receipt of the funds went ahead and disbursed them to the respective projects which were audited within the referred year of disbursement. Out of the total receipts for the year totaling to Kshs. 79,306,520, Kiharu NG-CDF incurred total expenditure of Kshs. 31,965,832. The failure to utilize the balance of Kshs. 47,340,688 was as a result of late disbursement of funds by the NG-CDF Board. The referred Kshs. 47,340,688 balance was declared as an adjustment to the original budget for the subsequent 2018/2019 financial year and returns for the particular projects/ programs availed to the Auditor for review. Attached please find copies of the referred AIE and the audited summary statement of appropriations for 2018/2019 financial year reflecting the funds b/f as adjustment to the receipts.

Committee Observation

- 2215.** The Committee observed that copies of payment vouchers and AIEs were availed for audit verification. The query was adequately addressed.

2. Unutilized Project Funds

- 2216.** Disclosed in Note 6 to the financial statements under transfer to other government units is an expenditure of Kshs. 7,300,000 on transfers to secondary schools. Included in the expenditure are amounts disbursed to Vidhu Ramji, Yamugwe and Kiaguthu secondary schools comprising Kshs. 3,500,000, Kshs. 500,000 and Kshs. 600,000 for purchase of a bus, construction of dining hall and construction of a classroom, respectively. However, a review of progress on implementation of the approved projects revealed that as of February 2019, the funds had not been utilized nearly eight months after the funds were released to the project management Committees. No satisfactory explanation was given by Kiharu CDF management for the delay in utilizing the funds for the intended purposes

Management Response

- 2217.** Vidhu Ramji Secondary School: The bus project was to be co-funded by Kiharu NG-CDF and the school. As at the time of audit, Kiharu NG-CDF had disbursed Kshs. 3,500,000 awaiting the school to finalize raising its equivalent share. The co-funding has since been concluded and the bus purchased. Attached please find the log book and photos for the bus.
- 2218.** Yamugwe Secondary School: Kiharu NG-CDF allocated Kshs. 500,000 to the institution for dining hall gambles/roofing but the engineer ruled out roofing with timber since the hall is expansive which made the allocated amount inadequate to cater for steel rafters. Kiharu NG-CDF allocated additional Kshs. 1,000,000 to the project in 2018/2019 financial year to top up the available amount for roofing with steel rafters, installation of steel doors and windows and Kshs. 1,200,000 in 2021/2022 financial year for plastering, floor concreting, screeding and tiling, glazing and painting. Currently, the project is complete and in use.

Attached please find copies of the approved projects code lists for the referred financial years, project's final inspection report and the project photo.

2219. Kiaguthu Secondary School: Kiharu NG-CDFC allocated Kshs. 600,000 to the school for construction of a classroom but due to space constraints, the school opted to top up the amount and put up a classroom with strong sub-structure with capacity to carry an extra two storeys with the NG-CDF funding going to sub-structure works. Currently, the project is complete and in use. Attached please find the project's final inspection report by Public Works Officer on completion of the defined phase implemented by NG-CDF and the project's photos.

Committee Observation

2220. The Committee observed that the project implementation status report, photos and completion certificates were availed for audit verification. The query was adequately addressed.

3.11.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

Basis of Opinion

1. Irregular Diversion of Funds - Kahatia Secondary School

2221. Disclosed in Note 6 to the financial statements under transfers to other government is an expenditure of Kshs. 5,500,000 in respect of transfer to secondary schools. The expenditure includes an amount of Kshs.500, 000 disbursed to Kahatia Secondary School for purchase of water tank and construction of water piping channel. A physical inspection of the project carried out on 17 February 2020 revealed that no works had been done, but instead the funds were irregularly transferred to the school's main account and utilized on other unrelated school's recurrent expenses. The funds allocated for the project were therefore misappropriated. Consequently, the validity and propriety of the expenditure of Kshs.500,000 could not be confirmed.

Management Response

2222. The school's Project Management Committee irregularly transferred the funds from the Project Account to the School Main Account so as to centralize operations but upon being notified of the irregularity, they reversed the transfer on 30 January 2020 and reverted the Kshs. 500,000 back to the project account no. 0060294504697 at Equity Bank Kahatia branch. The project has since been implemented to completion and is in use.

Committee Observation

2223. The Committee observed that bank statements, completion certificates and photos were availed for audit verification. The query was adequately addressed.

2. Unsupported Training of Youth on Driving Skills (Boda Boda Riders)

2224. Disclosed in Note 7 to the financial statements under other grants and transfers is an expenditure of Kshs. 12,958,000 on bursary-tertiary institutions. The expenditure includes an amount of Kshs. 2,275,000 which was paid to two driving schools in respect of training of "boda boda" riders in the Constituency. However, need assessment, notice of tender advertisement, tender opening, evaluation and award minutes for the training service were not presented for audit verification. Consequently, the validity of the expenditure of Kshs.2,275,000 could not be confirmed.

Management Response

2225. Kiharu NG-CDF resolved to be sponsoring needy and deserving youth who either failed to attain the required grades for entry into main stream colleges and universities or who dropped out of school for varied reasons, to pursue Tertiary Short Courses ranging from driving, basic computer studies, catering, plumbing, hair and beauty and other vocational short courses so as to acquire skills that can enable them earn a living by self-employment if not by formal employment.

2226. Kiharu NG-CDFC thereby considered needy applicants seeking training for driving short courses from accredited Schools/Colleges as any other bursary applicants for Tertiary Institutions Bursary and did not procure institutions for training short courses considering that no such procurement is done for the other students joining mainstream Colleges and Universities.

2227. Upon application by filling the Tertiary Bursary Short Courses Application form and attaching the requisite documents, among them, letter of admission to the respective accredited institution, fees structure and copy of I.D showing the applicant is from Kiharu Constituency, the applicants were vetted and awarded bursary payable to the respective institution. The beneficiary institutions sent back receipts/acknowledgements for the funds alongside the interim driving licenses for students pursuing driving courses which were availed to the Auditor for review.

Committee Observation

2228. The Committee observed that sample copies of application forms, acknowledgements by beneficiary institutions and sample copies of driving license were availed for audit verification. The query was adequately addressed.

3. Unreconciled Office Rent Expenses

2229. Included in the use of goods and services expenditure of Kshs.5,120,980 as disclosed in Note 5 to the financial statements is an amount of Kshs. 691,185 in respect of office rent. However, a review of records indicates that the of National Government Constituencies Development Fund - Kiharu Constituency paid rent amounting to Kshs.1,445,205 during the year. The resultant difference of Kshs.754,020 was not explained or reconciled. In addition, the amount paid for office rent includes Kshs. 100,035 which appear to be double payment of

rent for the month of February 2018. Consequently, the accuracy and validity of the expenditure of Kshs.691,185 incurred on office rent could not be confirmed.

Management Response

2230. Kiharu NG-CDF paid Kshs.691,185 in respect of office rent in 2018/2019 financial year as indicated in note 5 to the audited financial statements and not Kshs. 1,445,205. For the month of February 2018, Kiharu NG-CDFC paid for Ngeka Centre Murang'a offices space while still at AFC Murang'a premises to allow for partitioning and rebranding of the offices space with NG-CDF colors. The decision to shift AFC Murang'a premises was a precautionary measure after the building developed cracks after tremors caused by excavation by the developer of the adjacent plot.

Committee Observation

2231. The Committee observed that financial statements and schedule for rent payment were availed for audit verification. The query was adequately addressed.

Other Matter

4. Budget Control and Performance

2232. According to the summary statement of appropriation, during the year under review, the National Government Constituencies Development Fund - Kiharu Constituency received a total of Kshs.137,325,171 from of National Government Constituencies Development Fund Board, representing about 65% of the budgeted amount of Kshs.211,366,047. Further, out of the actual receipts for the year, the of National Government Constituencies Development Fund - Kiharu Constituency incurred a total expenditure of Kshs.130,404,287, equivalent to an absorption rate of 95 % of the total receipts. No satisfactory explanation was provided for failure to utilize fully the funds received, which in turn impacted negatively on service delivery to the residents of Kiharu Constituency.

Management Response

2233. The failure to utilize the received funds fully was as a result of late disbursement of funds by the NG-CDF Board. The NG-CDF Board in the subsequent financial years disbursed the Kshs.74,040,876 due to the constituency and issued AIEs authorizing expenditure as below:

PARTICULARS	AMOUNT (KSHS)
AIE No. B047526 dated 7 June 2019 captured in the cash book on 23.07.2019	19,000,000
AIE No. B047217 dated 10 September 2019	53,540,876
AIE No. B047323 dated 19 November 2019	1,000,000
AIE No. B214010 dated 6 July 2023	500,000
TOTAL	74,040,876

2234. Kiharu NG-CDF upon receipt of the funds disbursed them to the respective projects which were audited within the year of disbursement. Attached please find copies of the referred AIEs and the summary statements of appropriations for 2019/2020 and 2023/2024 financial years reflecting the funds b/f as adjustments to the receipts.

Committee Observation.

2235. The Committee observed that amended financial statements were availed for audit verification. The query was adequately addressed.

Basis for Conclusion

5. Stalled Rural Electrification Project

2236. Disclosed in Note 7 to the financial statements under other grants and transfers is an expenditure of Kshs. 4,000,000 in respect of electricity projects. According to available information the National Government Constituencies Development Fund – Kiharu Constituency on 16 August 2018, entered into a memorandum of understanding (MOU) with the Kenya Rural Electrification Authority (REA) to fund five electricity projects in the Constituency at a cost of Kshs. 8,109,066. The National Government Constituencies Development Fund - Kiharu Constituency Management was required to pay half of the project cost. The funds were disbursed to the Authority on 28 September 2018.

2237. However, a physical verification of the Project carried out in January 2020 revealed that the project had not commenced despite the payment made. No justification was provided for the delay in utilization of the disbursed funds.

Management Response

2238. The projects had delayed to commence as REREC was seeking to be granted way leave by members of the community whose land was to be by-passed by the power lines. REREC has since implemented the referred projects as per the BQs and the power lines connected with electrical power.

Committee Observation

2239. The Committee observed that project implementation status report and photos were availed for audit verification. The query was adequately addressed.

3.11.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

Basis of Opinion

1. Unconfirmed Expenditure on Environment Projects

2240. As disclosed in Note 7 to the financial statements, the statement of receipts and payments shows an amount of Kshs. 33,615,233 under other grants and transfers which includes an expenditure of Kshs. 2,180,817 on environment projects. A review of records showed that the expenditure was incurred on purchase of tree seedlings for distribution to various government

institutions in the Constituency. However, the expenses were not supported by distribution or acknowledgement lists showing how and when the intended beneficiaries received the tree seedlings' the circumstances, the propriety and validity of the expenditure of Kshs.2,180,817 could not be confirmed.

Management Response

2241. The environment projects entailed purchase and distribution of trees seedlings to various public institutions for environmental conservation. The seedlings delivery notes as well as distribution acknowledgement schedules countersigned by the recipients have since been availed to the Auditor for review.

Committee Observation

2242. The Committee observed seedling distribution list, acknowledgment schedules and signed copies by recipient's were availed for audit verification. The query was adequately addressed.

2. Unsupported Project Management Committees (PMC) Bank Account Balances

2243. Disclosed under Annex 5 to the financial statements are unutilized balances totaling Kshs. 13,538,105 and Kshs. 9,632,223 in respect of Project Management Committee (PMC) bank accounts as at 30 June, 2020 and 30 June, 2019 respectively. However, the bank confirmation certificates for balances as at 30 June 2020, and expenditure returns for unspent funds amounting to Kshs. 9,632,223 in respect of financial year 2018/2019 PMC bank accounts were not provided for audit review.

2244. In addition, no explanation was given for failure to close the accounts and transfer the balances to the NGCDF account. This is contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015, which requires that all unutilized funds of the project management Committee shall be returned to the constituency account.

Management Response

2245. Failure to provide the bank confirmation certificates for balances as at 30 June 2020 was an oversight as Kiharu NG-CDF had provided for audit the bank statements for individual PMCs accounts. The certificates have since been availed to the Auditor for review. Failure to close the PMCs accounts and transfer the balances to the NG-CDF account was because the projects were still ongoing. The expenditure returns for unspent funds amounting to Kshs. 9,632,223 in respect of financial year 2018/2019 PMC bank accounts have since been availed to the Auditor for review. Attached please find sample copies of the projects returns and photos.

Committee Observation

2246. The Committee observed that expenditure returns receipts were availed for audit verification. The query was adequately addressed.

Other Matter

3. Unresolved Prior Year Matters

2247. In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues.

Management Response

2248. Kiharu NG-CDF has since resolved the issues raised in previous year's audit report as itemized here in above.

Committee Observation

2249. The Committee observed that queries had been resolved in the previous year. The query was adequately addressed.

4. Budgetary Control and Performance

2250. The summary statement of appropriation - recurrent and development reflects final receipts budget and actual on comparable basis of Kshs.230,832,579 and Kshs. 160,964,855 respectively resulting to an under-funding of Kshs.69,867,724 or 30% of the budget. Similarly, the Fund expended Kshs. 150,712,728 against an approved budget of Kshs.230,832,579 resulting to an under-expenditure of Kshs. 80,119,851 or 35% of the budget.

2251. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the constituents of Kiharu Constituency.

Management Response

2252. The underfunding and under expenditure were as a result of delay in disbursement of funds by the NG-CDF Board. The NG-CDF Board in subsequent financial years disbursed the Kshs. 69,867,724 dues to the constituency and issued AIEs authorizing expenditure as below:

PARTICULARS	AMOUNT (KSHS)
AIE No. B104897 dated 27 October 2020	66,667,724
AIE No. B105141 dated 21 May 2021	2,000,000
AIE No. B214045 dated 6 July 2023	700,000
AIE No. B214010 dated 6 July 2023	500,000
TOTAL	69,867,724

2253. Kiharu NG-CDF upon receipt of the funds disbursed them to the respective projects which were audited within the year of disbursement. Attached please find copies of the referred AIEs and the summary statements of appropriations for 2020/2021 and 2023/2024 financial years reflecting the funds b/f as adjustments to the receipts The under expenditure of Kshs.

80,119,851 was represented by the Kshs. 69,867,724 not yet disbursed to the constituency by the NG-CDF Board as itemized herein above and unutilized closing cash book balance c/f of Kshs. 10,252,127, both of which were declared as adjustments to the receipts for the subsequent 2020/2021 financial year and returns submitted to the Auditor for review in the said financial year.

Committee Observation

2254. The Committee observed that the query was adequately addressed.

Basis of Opinion

5. Implementation of Schools Projects

2255. As disclosed in Note 6 to the financial statements, the statement of receipts and payments shows transfers to other government unit expenditure of Kshs. 109,900,000 which includes Kshs. 75,900,000 and Kshs. 24,000,000 in respect of transfers to primary schools and secondary schools respectively. The funds were to be used for implementation of various projects during the year. A review of records of one hundred and sixty-eight (168) projects implemented through labor-based contracts at a cost of Kshs. 118,651,599 revealed that the Project Management Committees (PMCs) procured materials for the projects and the works implemented by local artisans without any supervision by the Constituency Development Fund Committee and the County Public Works Office. Further, there was no control or records for materials delivered on site for the projects. It was therefore, not possible to confirm whether the works implemented met the required quality standards and specifications. Consequently, value for money on the expenditure of Kshs.118,651,599 incurred on the projects during the year ended 30 June 2020 could not be confirmed.

Management Response

2256. The projects were implemented through labour based contracts whereby the respective PMCs procured building materials using Request for Quotations procurement method and engaged skilled and unskilled labour using Community Participation procurement method. Upon delivery, the PMCs alongside the Technical Officers ascertained that the building materials were of the right quality and quantity, after which they countersigned the delivery note, took custody of the building materials and controlled usage of materials during the actual implementation of the works. The works were carried out under supervision by the Kiharu NG-CDF Clerk of Works and the County Public Works Officer for quality control. Projects inspection reports by the Technical Officers have since been availed to the Auditor for review.

Committee Observation

2257. The Committee observed that project implementation status report, completion certificates and photos were availed. The projects were complete and in use. The query was adequately addressed.

6. Unnecessary Payment of Office Rent

2258. The statement of receipts and payments shows use of goods and services expenditure of Kshs.4,528,336 which includes an amount of Kshs.750,770 in respect of office rent for premises leased by the Fund during the financial year under review. However, available information revealed that the Fund constructed a building in 2012 at a cost of Kshs. 9,988,431 which for unexplained reasons has not been utilized by the Fund as intended. The expenditure on rent is therefore unnecessary and avoidable. Consequently, the validity and value for money of the expenditure of Kshs. 750,770 could not be confirmed.

Management Response

2259. At the time of implementation of the said project, NG-CDFC had anticipated that the constituency would be subdivided into two due to its expansive geographical coverage though that did not happen. NG-CDFC has since occupied part of the office as its centre for Kahuro Sub County operations and allowed other government departments within Kahuro Sub County to utilize the remaining offices following request by the DCC Kahuro Sub County.

2260. NG-CDFC has been unable to vacate its rented offices at Murang'a town on grounds that: -

- a) Kiharu constituency is expansive with two Sub Counties under one constituency namely Murang'a East and Kahuro Sub Counties and shifting NG-CDF offices to Kahuro would greatly hinder service delivery to residents from the extreme ends of the constituency.
- b) All other Government Departments that work hand in hand with NG-CDF like the District Treasury and Public Works as well as the County Government HQs are all at Murang'a Town. NG-CDFC is currently in the process of sourcing land within Murang'a town for construction of a permanent office. Attached please find correspondence by the DCC Kahuro Sub County and NG-CDFC as well as minute resolution of the NG-CDFC.

Committee Observation

2261. The Committee observed that the projects were complete and in use. The query was adequately addressed.

3.11.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1. Unsupported Bursaries to tertiary Institutions

2262. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects expenditure of Kshs.38,958,000 in respect of Other grants and other payments which includes Kshs.27,818,000 in respect of bursaries to tertiary institutions out of which Kshs.21,242,000 was not acknowledged by the beneficiary institutions. In the circumstances, the validity and accuracy of the expenditure amount of Kshs.27,818,000 for bursaries to tertiary institutions for the year ended 30 June 2021 could not be ascertained.

Managements Response

2263. The management has since made follow up with the beneficiary institutions which had not acknowledged receipt of the referred tertiary bursary as at the time of audit and have since submitted the acknowledgement receipts which have since been forwarded to the Auditor for review.

Committee Observation

2264. The Committee observed that acknowledgement receipts were availed for audit verification. The query was adequately addressed.

2. Budgetary Control and Performance

2265. The summary statement of appropriation reflects final receipts budget and actual on comparable basis amount of Kshs. 217,208,731 and Kshs. 170,919,852 respectively, resulting to an underfunding of Kshs. 46,288,879 or 21 % of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Kshs. 217,208,730 and Kshs. 133,834,032 respectively, resulting to an underperformance amounting to Kshs. 83,374,698 or 38 % of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2266. The underfunding was as a result of late disbursement of funds to the constituency by the NG-CDF Board. The NG-CDF Board has since addressed the matter in the subsequent financial years by disbursement of the Kshs. 46,288,879 dues to the constituency and issuance of AIEs authorizing expenditure as below:

PARTICULARS	AMOUNT (KSHS)
AIE No. B140937 dated 23 July 2021	33,000,000
AIE No. B214010 dated 6 July 2023	500,000
AIE No. B214045 dated 6 July 2023	700,000
AIE No. B214109 dated 6 July 2023	12,088,879
TOTAL	46,288,879

2267. Kiharu NG-CDF upon receipt of the funds disbursed them to the respective projects which were audited within the year of disbursement. The underperformance of Kshs. 83,374,698 was represented by the Kshs. 46,288,879 not yet disbursed to the constituency by the NG-CDF Board as itemized herein above and unutilized closing cash book balance c/f of Kshs. 37,085,819. The balance has since been disbursed to the respective projects/ programs and returns availed to the Auditor for review.

Committee Observation

2268. The Committee observed that copies of AIEs and summary of statements of appropriations were availed for audit verification. The query was adequately addressed.

3. Projects Implementation Status Report

2269. The Fund budgeted for one hundred and fifteen (115) projects with a total budgeted expenditure of Kshs. 105,580,000. However, four (4) projects with a budget of Kshs. 12,030,000 were ongoing and had not been completed as at 30 June, 2021. In the circumstances, the constituents did not receive value for money for the delayed projects amounting to Kshs. 12,030,000 for the year under review.

Management Response

2270. The four projects that were ongoing as at 30 June, 2021 namely Mbiri primary school hall, Upendo primary school administration block, St. Michael Gathuki-ini secondary school science laboratory and Murang'a East Education Office renovation, had not been completed because they had commenced towards end of the financial year at the time the funds were received from the NG-CDF Board. The projects have since been completed.

Committee Observation

2271. The Committee observed that inspection report, project implementation status report, completion certificates and photos were availed for audit verification. The query was adequately addressed.

4. Projects Verification Report

2272. During projects inspection done in April 2022, twenty-three (23) projects with a total funding of Kshs. 17,450,000 were verified. However, sixteen (16) projects costing Kshs. 13,200,000 had outstanding issues with some completed but not in use, and others did not label the circumstances, the constituents did not get value for money from the projects worth Kshs. 13,200,000 that had the unsatisfactory observations noted above.

Management Response

2273. The completed projects not in use were chiefs' offices which occupants were in the process of relocating to the newly completed premises and newly renovated classrooms which had not yet been occupied because the learners were away for April holiday. Currently, all the completed projects are in use. The projects that had not been labelled were the ongoing and recently completed projects. The projects have since been labelled. Attached please find the projects list and photos.

Committee Observation

2274. The Committee observed that projects have been labeled with NG-CDF Logo. The query was adequately addressed.

5. Unresolved Prior Year Matters

2275. Prior year audit issue remained unresolved as at 30 June, 2021. Management has not provided reasons for the delay in resolving the audit issues.

Management Response

2276. Kiharu NG-CDF has since resolved the prior year's audit issues as itemized here in above.

Committee Observation

2277. The Committee observed that the audit query was adequately addressed.

Basis for Conclusion

6. Emergency Projects

2278. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects Kshs. 38,958,000 in respect of Other grants and other Payments which includes Kshs. 8,100,000 in respect of emergency projects. However, review of documents provided for audit, revealed that seven (7) projects with a total funding of Kshs.2,800,000 did not meet the emergency criteria requirement contrary to Section 8(3) of the National Government Constituency Development Fund Act, 2015 which states that emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the Committee that it cannot be delayed until the next financial year without harming the public interests of the constituents. In the circumstances, Management was in breach of the law.

Management Response

2279. The referred emergency projects were implemented at the time of the COVID-19 pandemic which triggered a space crisis in schools with social distancing of learners a mandatory requirement forcing some schools to result to conducting lessons under trees against harsh weather conditions.

2280. The emergency projects were aimed at creating additional space in schools which were worst hit by the crisis in accordance with Section 8 (3) of the NG-CDF Act 2015 which stipulates that "emergency" shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the Committee that it cannot be delayed until the next financial year without harming the public interest of the constituents Attached please find a schedule of the projects and respective activities funded to completion as confirmed by the Auditor.

Committee Observation

2281. The Committee observed that a schedule of projects and respective activated were funded to completion. The projects are complete and in use. The query was adequately addressed.

3.11.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

Other Matter

1. Budgetary Control and Performance

2282. The summary statement of appropriation reflects final receipts budget and actual on comparable basis amount of Kshs. 220,463,578 and Kshs. 187,174,698 respectively resulting to an underfunding of Kshs. 33,288,880 or 15% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Kshs. 220,463,578 and Kshs.135,371,504 respectively, resulting to underperformance amounting to Kshs. 85,092,074 or 39 % of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2283. The underfunding was as a result of late disbursement of funds to the constituency by the NG-CDF Board. The NG-CDF Board has in the subsequent financial years disbursed Kshs. 23,288,880 out of the Kshs. 33,288,880 dues to the constituency and issued AIEs authorizing expenditure as below:

PARTICULARS	AMOUNT (KSHS)
AIE No. B214010 dated 6 July 2023	500,000
AIE No. B214045 dated 6 July 2023	700,000
AIE No. B214109 dated 6 July 2023	12,088,880
AIE No. B225298 dated 24 January 2024	10,000,000
TOTAL	23,288,880

2284. The NG-CDF Board is yet to disburse Kshs. 10,000,000 balance due to the constituency for purchase of Revision Books for schools. Kiharu NG-CDF upon receipt of the funds disbursed them to the respective projects which were audited within the year of disbursement. The underperformance of Kshs. 85,092,074 was represented by the Kshs. 33,288,880 not yet disbursed to the constituency by the NG-CDF Board as itemized herein above and unutilized closing cash book balance c/f of Kshs. 51,803,194. The balance has since been disbursed to the respective projects/ programs and returns availed to the Auditor for review. Attached please find copies of the referred AIEs and the summary statement of appropriations for 2022/2023 financial year reflecting the funds b/f as adjustments to the receipts.

Committee Observation

2285. The Committee observed that copies of AIEs and summary statements of appropriations were availed for audit verification. The query was adequately addressed.

Basis of Conclusion

2. Poorly Done and Unlabeled Project

2286. During projects inspection done in the month of March 2023, thirty (30) projects with a total funding of Kshs. 21,750,000 were verified. However, nineteen (19) of these projects valued at Kshs. 16,850,000 though complete and in use were observed to have unsatisfactory issues, including works not done, poor workmanship as well as all of them not being labeled the circumstances, the constituents did not achieve effective value for money from the projects worth Kshs. 16,850,000 that had the unsatisfactory observations.

Management Response

2287. For projects with unsatisfactory issues, the management took up the matter with the respective PMCs to complete pending works and make good all defects identified as confirmed by the Auditor. The projects that had not been labelled were the ongoing and recently completed projects.

Committee Observation

2288. The Committee observed that the projects have since been labeled. The query was adequately addressed.

3. Incomplete Implementation of Projects

2289. Review of project implementation status report as at 30 June, 2022 revealed that the Fund budgeted for ninety-two (92) projects with a total budgeted expenditure of Kshs. 137,088,878. However, twenty-four (24) projects with a budget of Kshs. 67,702,706 were ongoing and two (2) projects with a budget of Kshs. 20,000,000 had not started as at 30 June, 2022. In the circumstances, the constituents did not receive value for money for the delayed projects amounting to Kshs. 87,702,706 for the year under review.

Management Response

2290. The twenty-four projects that were ongoing as at 30 June, 2022 had not been completed because they had commenced towards end of the financial year following late disbursement of funds by the NG-CDF Board. The projects have since been completed and returns availed to the Auditor for review. Attached please find the referred projects list, sampled returns and projects photos.

2291. The two projects with a budget of Kshs. 20,000,000 which had not started as at 30 June, 2022 was because the funds had not yet been released by the NG-CDF Board. The NG-CDF Board has since released Kshs. 10,000,000 and issued AIE No. B225298 dated 24 January 2024 for establishment of Kenneth Matiba Technical and Vocational college to be co-funded by Kiharu NG-CDF and Ministry of Education. Kiharu NG-CDF is awaiting disbursement of the Ministry's funding for implementation of the project to commence. Attached please find a copy of the referred AIE.

2292. For the other Kshs. 10,000,000 allocated to purchase of revision oaks for schools, Kiharu NG-CDF is awaiting disbursement of the funds by the NG-CDF Board.

Committee Observation

2293. The Committee observed that the audit query was satisfactorily addressed.

4. Employment of Excess Staff

2294. The statement of receipts and payments reflects compensation of employees am Kshs. 3,642,860. During the year under review, the Fund had a total of six (6) employees which exceeded the recommended staff establishment number of five employees by one (1). 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.

Management Response

2295. The six employees by Kiharu NG-CDF were the five employees specified under the referred circular with the sixth being the tea lady who has served as a casual since 2016 prompting the office to engage her on contractual terms as a Hospitality Assistant. With issuance of Circular Ref. NG-CDFB/CEO/NG-CDF Circulars/ Vol. II (033) dated 15th December 2022 by the NG-CDF Board specifying the ten (10) employees NG-CDF Committee's may employ, the staff establishment by Kiharu NG-CDF is well within the threshold.

Committee Observation

2296. The Committee observed that there is a revised circular on limit of employees in the constituency office. The query was addressed.

Sign:  Date: 4/12/2025

HON. DR. (Arch) GIDEON MULYUNGI, CBS, EBS, M.P.

CHAIRPERSON, DECENTRALIZED FUNDS ACCOUNTS COMMITTEE

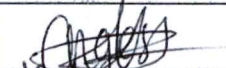
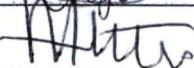
REPUBLIC OF KENYA



NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT
DECENTRALIZED FUNDS ACCOUNTS COMMITTEE
ADOPTION SCHEDULE

We, the undersigned members of the Decentralized Funds Accounts Committee, today 25/11/2025 do hereby affix our signatures to this **11TH REPORT OF THE DECENTRALIZED FUNDS ACCOUNTS COMMITTEE AUDITED FINANCIAL STATEMENTS FOR THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) FOR WEST MUGIRANGO, BOBASI, AWENDO, NORTH IMENTI, KIRINYAGA CENTRAL, SOUTH MUGIRANGO, KIHARU UGENYA, KIENI, KIIPIRI AND BUDALANGI CONSTITUENCIES FOR FINANCIAL YEARS 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 AND 2021/2022** to affirm our approval and confirm accuracy, validity and authenticity: -

	NAMES	SIGNATURE
1.	Hon. Dr. Gideon Mutemi Mulyungi, CBS, EBS, MP Chairperson	
2.	Hon. Gertrude Mbeyu, M.P - Vice Chairperson	
3.	Hon. K'Oyoo James, Onyango, MP	
4.	Hon. Joseph Kahangara Mburu, MP	
5.	Hon. David Mwalika Mboni, MP.	
6.	Hon. Innocent Momanyi Obiri, MP	
7.	Hon. Adhe Guyo Wario, MP.	
8.	Hon. Richard Cheruiyot, Kilel, MP.	
9.	Hon. Dorothy Muthoni, Ikiara, MP	
10.	Hon. Jackson Lentoijoni, Lekumontare, MP.	
11.	Hon. Abdi Barre Hussein, MP	

12.	Hon. Caroline Jeptoo Ng'elechei, MP	
13.	Hon. Martin Wanyonyi Pepela MP	
14.	Hon. Stephen Mogaka, MP	
15.	Hon. Reuben Kipngor, Kiborek, MP	

MINUTES OF THE 80TH SITTING OF THE DECENTRALIZED FUNDS ACCOUNTS COMMITTEE HELD ON TUESDAY 25TH NOVEMBER, 2025 IN GARDEN SUITES, HILTON GARDEN INN MACHAKOS COUNTY AT 3:00 P.M.

PRESENT

- | | |
|---|--------------------|
| 1. Hon. Gideon Mutemi Mulyungi, CBS, EBS, MP | Chairperson |
| 2. Hon. Adhe Guyo Wario, MP | |
| 3. Hon. Richard Cheruiyot Kilel, MP | |
| 4. Hon. Martin Wanyonyi Pepela MP | |
| 5. Hon. Caroline Jeptoo Ng'elechei, MP | |
| 6. Hon. David Mboni Mwalika, MP | |
| 7. Hon. Stephen Mogaka, MP | |
| 8. Hon. Innocent Momanyi Obiri, MP | |
| 9. Hon. Joseph Kahangara Mburu, MP | |
| 10. Hon. K'Oyoo, James Onyango, MP | |
| 11. Hon. Dorothy Muthoni, Ikiara, MP | |

APOLOGIES

- | | |
|---|-------------------------|
| 1. Hon. Gertrude Mwanyanje Mbeyu, MP | Vice Chairperson |
| 2. Hon. Jackson Lentoijoni, Lekumontare, MP | |
| 3. Hon. Abdi Barre Hussein, MP | |
| 4. Hon. Reuben Kipngor, Kiborek, MP | |

IN-ATTENDANCE

SECRETARIAT

- | | | |
|----------------------------|---|---------------------------|
| 1. Mr. Ahmad Guliye | - | Clerk Assistant I |
| 2. Mr. John Mutinda | - | Clerk Assistant III |
| 3. Ms. Sharon Koskei | - | Clerk Assistant III |
| 4. Mr. Peter Barasa | - | Legal Counsel II |
| 5. Ms. Elizabeth Kibati | - | Research Officer III |
| 6. Mr. Wilson Mwangi | - | Fiscal Analyst II |
| 7. Ms. Winfred Kiziah | - | Media Relations Officer I |
| 8. Mr. Muchiri Mwangi | - | Audio Officer III |
| 9. Mr. Wilson Angatangoria | - | Sergeant at Arms |

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND BOARD

- | | | |
|-------------------------|---|---|
| 1. Mr. Elias Kimaiyo | - | Regional Coordinator, North Rift Region |
| 2. Mr. Paul Kimilu | - | Regional Coordinator, Eastern Region |
| 3. Mr. Gilbert Pushati | - | Accountant, NG-CDF Board |
| 4. Ms. Josefrida Kameti | - | Fund Account Manager, Kaiti |
| 5. Mr. Daniel Maluki | - | Former Fund Account Manager |

THE NATIONAL TREASURY.

- | | | |
|------------------------|---|-----------------------------|
| 1. Mr. Gregory Mwanzia | - | Sub County Accountant Kaiti |
|------------------------|---|-----------------------------|

OFFICE OF THE AUDITOR GENERAL

MIN.NO. NA/DAA&GPC/ DFAC/2025/434**PRAYER & PRELIMINARIES**

The Chairperson called the meeting to order at 3:30 p.m. followed by a word of prayer. He thereafter invited all present to introduce themselves. The agenda was unanimously adopted as follows:

AGENDA

1. Prayers
2. Preliminaries
3. **Examination of the Audited Accounts for Kaiti South Constituency for FY 2013/14 to 2022/23**
4. Any Other Business
5. Adjournment

MIN.NO.NA/DAA&GPC/DFAC/2025/435**EXAMINATION OF THE AUDITED
ACCOUNTS FOR KAITI
CONSTITUENCY**

Ms. Josefrida Kameti, the current Fund Account Manager, Kaiti Constituency accompanied by Mr. Daniel Maluki appeared before the Committee to adduce evidence on the audited financial statements.

The Committee was informed that the management requested for more time to be able to finalize with the auditors. The committee reschedules the constituency to Thursday 28th November, 2025 at 2:00 p.m.

MIN.NO.NA/DAA&GPC/ DFAC/2025/436:**CONSIDERATION AND ADOPTION
OF THE ELEVENTH REPORT OF
THE COMMITTEE ON ITS
EXAMINATION OF THE AUDITED
FINANCIAL STATEMENTS OF THE
NATIONAL GOVERNMENT
CONSTITUENCIES
DEVELOPMENT FUND (NG-CDF)
FOR WEST MUGIRANGO, BOBASI,
AWENDO, NORTH IMENTI,
KIRINYANGA CENTRAL SOUTH
MUGIRANGO, UGENYA, KIENI,
KIPIPIRI, BUDALANGI AND
KIHARU CONSTITUENCIES FOR
THE FINANCIAL YEARS**

The Committee considered and adopted its ninth report on examination of the Reports of the Auditor General of the following Constituencies for the FY 2013/14 to 2021/22:

1. West Mugirango
2. Bobasi
3. Awendo
4. North Imenti
5. Kirinyaga Central
6. South Mugirango
7. Kiharu
8. Ugenga
9. Kieni
10. Kipipiri
11. Budalangi

- I. The Committee made observations and recommendations as contained in the report.
- II. The adoption of the report was proposed and seconded by Hon. Innocent Momanyi, M.P. and Hon. Martin Pepela, M.P. respectively.

MIN.NO.NA/DAA&GPC/DFAC/2025/437

**ADJOURNMENT/DATE OF NEXT
SITTING**

There being no other business, the meeting was adjourned at 4:30pm. The next meeting will be held on notice.

SIGNED..... DATE

**HON. DR. (Arch) GIDEON MUTEMI MULYUNGI, M.P. CBS
(CHAIRPERSON)**

200-12-12

17-12-12