REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

# REPORT





# OF

# THE AUDITOR-GENERAL

# ON

# NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KALOLENI CONSTITUENCY

# FOR THE YEAR ENDED 30 JUNE, 2022

*Revised Template 30th June 2022*

# KALOLENI CONSTITUENCY

# NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

## REPORTS AND FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30th JUNE 2022

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

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## I. Key Constituency Information and Management

### (a) Background information

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

### Mandate

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

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

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

j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and

k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**Core Values**

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

**Functions of NG-CDF Committee**

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

**(b) Key Management**

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

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

### (c) Fiduciary Management

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

| No | Designation | Name |
|---|---|---|
| 1. | A.I.E holder | Mr. Elisha Ade |
| 2. | National Sub-County Accountant | Mr. Eric Mutuku |
| 3. | Chairman NGCDFC | Mr. Lennoxeny Mtengo |
| 4. | Member NGCDFC | Md. Aisha Baya |

### (d) Fiduciary Oversight Arrangements

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

### (e) Kaloleni Constituency NGCDF Headquarters

P.O. Box 222-80105
NCDF Kaloleni Building
Kaloleni Town
Kaloleni, KENYA

### (f) Kaloleni Constituency NGCDF Contacts

P.O. Box 222-80105- KALOLENI
E-mail: ngcdfkaloleni@ngcdf.go.ke
Website: www.cdf.go.ke

(g) Kaloleni Constituency NGCDF Bankers

Cooperative Bank
Mariakani Branch
P.o Box435-80113
MARIAKANI

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

## II. NG-CDFC Chairman's Report

Lennoxeny Mtengo
Kaloleni NG-CDFC chairman

### Brief on Financial Performance

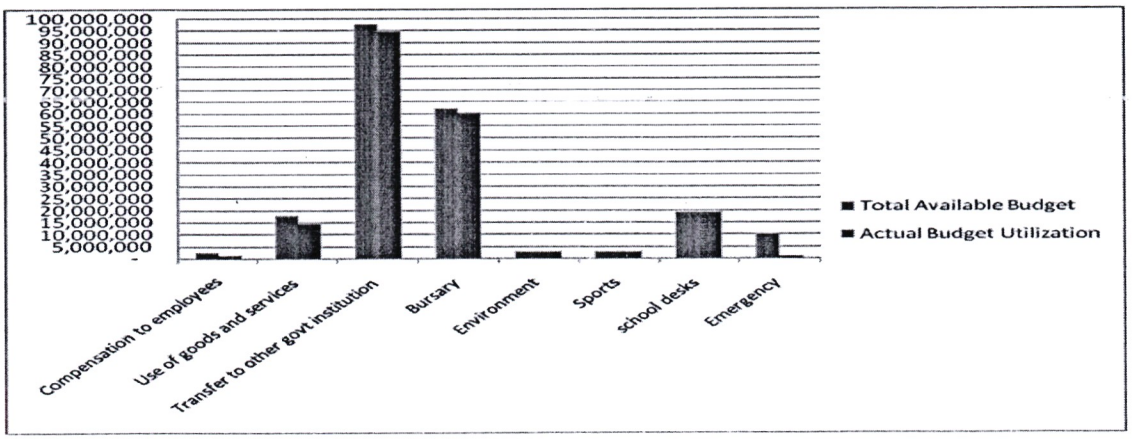
In the financial Year 2021-2022 NG-CDF Kaloleni had a total budget for utilization of Kshs 215,463,503. This amount resulted from original budget of Kshs 137,088,879 and unutilized funds from previous years amounting to Ksh. 78,374,624. We sincerely appreciate the NGCDF board for funding fully our budget this financial year and also clearing all pending disbursements.

The NG-CDFC utilized the funds as follows;

- Compensation to employees Kshs1,180,572
- Use of goods and services Kshs 14,366,183
- Transfer to primary school and secondary schools Kshs 94,802,677
- Bursary to various Pupils in learning institutions Kshs 60,511,500
- Enviromental improvement Kshs. 2,741,777
- Sports and sporting activities Kshs. 2,741,778
- Acquisition of school desks Kshs 18,952,000
- Emergency projects Ksh. 950,000

This resulted to total budget utilization of Kshs 196,246,487 as at closure of the financial year under review.

**A Graph showing Budget available for use versus actual utilized budget per vote item**




### A) Key achievements

a) Education

We endeavour to provide better learning environment of our learners through construction and/or renovation of classrooms, dormitories, administration block, construction of toilets block, and supply of school desks among others.

In the financial year under review, NG-CDF Kaloleni managed to undertake major primary and secondary school projects to a tune of Kshs 94,802,677 .We supported improvement of the education in the constituency as follows :-

a) Madzimbani secondary school-Construction of Administration block, staffroom, single laboratory and 4No. classrooms.
b) Muungano primary school – Construction of Administration block, staffroom and 2No. classrooms
c) Migundini secondary school – Construction of administration block and 2No. classrooms.
d) Mahenzo primary school – Construction of Administration block, staffroom and 2No. classrooms
e) Mihingoni primary school– Construction of Administration block, staffroom and 2No. classrooms
f) Ndatani primary school– Construction of Administration block, staffroom and 2No. classrooms
g) Vuga secondary school-– Construction of Administration and 2No. classrooms.
h) Kithegwani primary school– Construction of Administration block, staffroom and 2No. classrooms
i) Shangia secondary school- construction of twin laboratory block.
j) Birinimwamleka primary school – construction of ten number pit latrine.
k) Walea primary school-construction of 10No. pit latrine.
l) Kizurini primary school- Completed construction of storey building comprising of administration block,staffroom and 5No. classrooms.
m) Imani primary school -construction of 10No. pit latrine etc

We expect the implemented project to contribute positively to the improvement of educational infrastructure and standards in Kaloleni. This will improve the quality and education standards hence bettering learners' results.

B) Bursaries
During the year under review the NG-CDFC Kaloleni managed to distribute bursaries amounting to Kshs 60,511,500. The bursaries were distributed to the needy and deserving students who are learning in day secondary schools, boarding secondary schools, tertiary institutions of higher learning and universities.
Through this support, many needy students were retained in schools thereby increasing the retention rates and improving the standards of education in the area. Many students were highly motivated to learn in the schools without interruption of being chased quite often to search for school fees. In addition to that the social living standards of the students, parents also improved a lot.

C) Environmental
Many areas of Kaloleni are very dry and receive very little rainfall. So we supplied 28 schools with tree seedlings to be planted to increase the plant vegetation. We used Kshs 2,741,777. This exercise will contribute positively to climate change in those areas hence creating conducive learning environment to our learners.

D) Security

The NG-CDF Kaloleni supported improvement of security infrastructure within the area to a tune of Ksh 950,000.The activities involved renovation of Kizurini police station under emergency vote. We believe this partnership will boost the security within Kaloleni constituency

**Appreciation**

On behalf of the Kaloleni NG-CDFC and on my own behalf, i take this golden opportunity to appreciate the entire Kaloleni constituency residents for cooperation accorded to us during the public participation, project identification and project implementation period.

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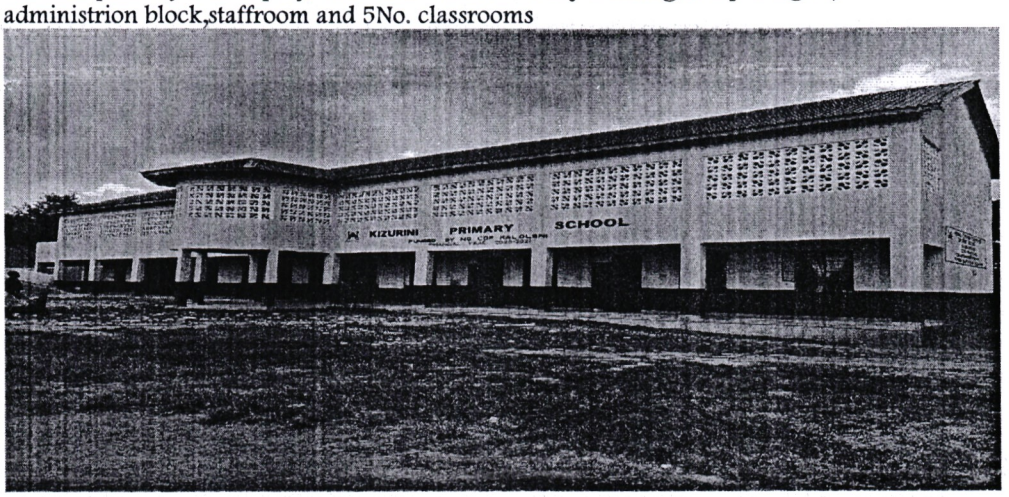
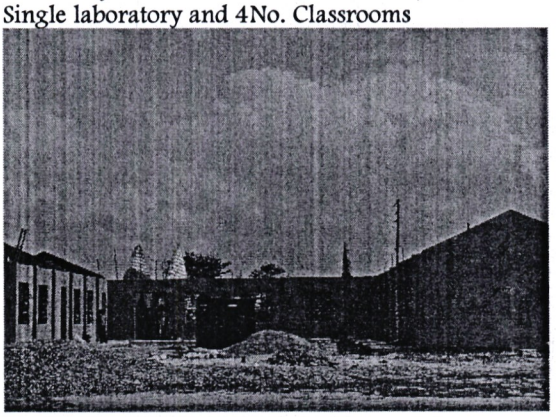
**Mr. Lennoxeny Mtengo**
**Chairman NG-CDF Committee-Kaloleni**

## Pictorial Presentation of some of the projects

Kizurini primary school project: Construction of storey building comprising of, administrion block,staffroom and 5No. classrooms

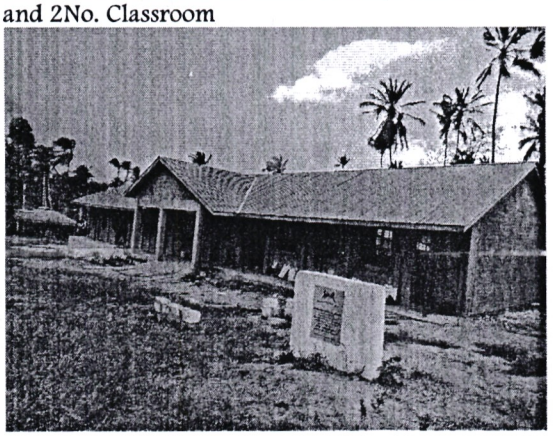



Ongoing Project: Construction of new madzimbani Secondary school: administration block, Staffroom Single laboratory and 4No. Classrooms

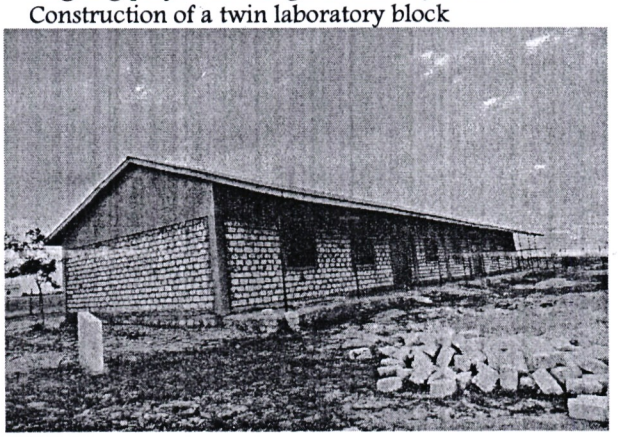


Ongoing project at Ndatani Primary School: Construction of administration block, staffroom and 2No. classrooms

Ongoing project at Mihingoni Primary school: construction of administration block, Staffroom and 2No. Classroom



Ongoing project at Shangia secondary School Construction of a twin laboratory block



## III. Statement of Performance Against Predetermined Objectives for financial year 2021/22

### Introduction

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

### Progress on attainment of Strategic development objectives

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

| Constituency Sector | Objective | Outcome | Indicator | Performance |
|---|---|---|---|---|
| | | | | |
| Education | To have all children of school going age attending school | Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions | -number of usable physical infrastructure build in primary, secondary, and tertiary institutions<br>-number of bursary's beneficiaries at all levels<br>-Allocation of pupils desks to Schools | In FY 21/22 -we increased number of classrooms, dormitories, laboratories in the following schools/institutions; Kithengwani Primary, Mihingoni Primary, Vuga secondary,Migundini Secondary,Shangia Secondary,Mwareni Primary,ndatani Primary, Birinimwamleka Primary, Madzimbani Secondary , Paul katana High School,Kizurini Primary school, Mtulu primary and muungano primary school<br>- Bursary allocation and beneficiaries at all levels amounted to ksh. 60,511,500 (see annex 8)<br>-Allocation to purchase of pupils desks in the year amounted to ksh. 18,952,000 |
| Environment | To Conserve the Environment | Preservation of nature and natural resources | -Improve and increase vegetation cover and manage waste disposal process | - In the year, the NGCDF-Kaloleni planted 11,200 trees across 28 different schools within the constituency i.e Baraka,chanagande,gandini,imani,kabatheini,kakomani,Kaloleni girls sec, kibaokiche,madzimbani,makomboani, |

| | | | | |
|---|---|---|---|---|
| | | | | makululu,maoro,mariakani garrison,mgamboni,mihingoni,mikiriani,miyani,mkuluni,mnanzimwenga sec, mnyenzeni,mutsengo,mwakolo, mwareni,mwijo,shangia,st, Michaels,tsakalalovu primary school |
| Sports | To support sports and recreation activities in the constituency | Nurturing sports and engaging youth to eliminate idleness | Purchase of sports equipments and facilities for schools and various youth group in the constituency | Distributed foot balls, netballs,basket balls, volleyballs,Hockey equipments and gears, and goal posts to several schools and communities. We also distributed teams sporting uniforms within the constituency |

## IV. Environmental and Sustainability Reporting

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

### 1. Sustainability strategy and profile -

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

a. **Education and Training:** Kaloleni NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.

b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.

c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

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

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

2. **Environmental performance**

- NG-CDF supported students carry out environmental conservation activities - In the year, the NGCDF-Kaloleni planted 11,200 trees across 28 different schools within the constituency i.e Baraka, Chanagande, Gandini, Imani, Kabatheini, Kakomani, Kaloleni girls Sec, Kibaokiche, Madzimbani, Makomboani, Makululu, Maoro, Mariakani Garrison, Mgamboni, Mihingoni, Mikiriani, Miyani, Mkuluni, Mnanzimwengasec, Mnyenzeni, Mutsengo, Mwakolo, Mwareni, Mwijo, Shangia, St, Michaels, Tsakalalovu primary school
- During the launch of the tree planting exercise in the year, the NGCDF Kaloleni in conjunction with constituency office and other stakeholders Sensitized youth/ community on the impact of drugs and substance abuse.

3. **Employee welfare**

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

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

Kaloleni constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

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

4. **Market place practices-**

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

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

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

NGCDF has put in efforts to ensure:

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

5. **Community Engagements-**

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

Public Participation in Project Identification and Implementation and Monitoring

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

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

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

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

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

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**Mr. Elisha Ade**

**Fund Account Manager**

## V. Statement of Management Responsibilities

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

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

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

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

**Approval of the financial statements**

The NGCDF- Kaloleni Constituency financial statements were approved and signed by the Accounting Officer on *24th March,2023* .

| | |
|---|---|
| ..... | ..... |
| Mr. Lennoxeny Mtengo: | Mr. Elisha Ade |
| **Chairman – NGCDFC Kaloleni** | **Fund Account Manager** |

# REPUBLIC OF KENYA

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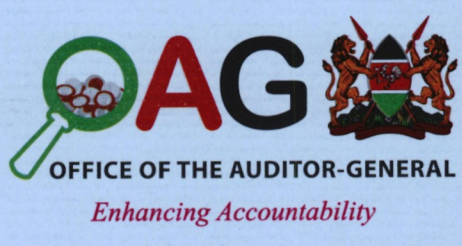


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NAIROBI

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

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

**Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kaloleni Constituency set out on pages 1 to 31, which comprise the statement of assets and liabilities as at 30 June, 2022, and the

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

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

**Basis for Opinion**

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

**Emphasis of Matter**

**1. Budgetary Control and Performance**

The summary statement of appropriation reflects a final receipts budget and actual on comparable basis of Kshs.215,463,503. Similarly, the Fund expended Kshs.196,245,987 against a budget of Kshs.215,463,503, resulting in under-expenditure of Kshs.19,217,516 or 9% of the budget.

In the circumstances, service delivery to the residents of Kaloleni Constituency may have been negatively affected.

**2. Projects Implementation Status**

Analysis of the approved Project Code list for the financial year 2021/2022 revealed that thirty-eight (38) projects were proposed for implementation at a cost of Kshs.137,088,879. Review of the projects' implementation status report as at 30 June, 2022 revealed that twenty-eight (28) projects with an allocation of Kshs.27,525,554 were complete, nine (9) projects with an allocation of Kshs.106,563,235 were on-going while one (1) project with an allocation of Kshs.3,000,000 had not started.

As a result, the residents of Kaloleni may not receive value for money from the incomplete and unimplemented projects.

**Key Audit Matters**

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

## Other Matter

### Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

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

### Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

**Auditor-General's Responsibilities for the Audit**

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.

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

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

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

**CPA Nancy Gathungu, CBS**
**AUDITOR-GENERAL**

**Nairobi**

**24 May, 2023**

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

| | Note | 2021 – 2022 | 2020- 2021 |
|---|---|---|---|
| | | Kshs | Kshs |
| **Receipts** | | | |
| Transfers From NGCDF Board | 1 | 182,177,758 | 161,367,724 |
| Proceeds From Sale of Assets | 2 | - | - |
| Other Receipts | 3 | 85,000 | 102,000 |
| **Total Receipts** | | **182,262,758** | **161,469,724** |
| | | | |
| **Payments** | | | |
| | | | |
| Compensation Of Employees | 4 | 1,180,572 | 1,672,380 |
| Use Of Goods and Services | 5 | 14,365,683 | 15,464,905 |
| Transfers To Other Government Units | 6 | 94,802,677 | 81,373,906 |
| Other Grants and Transfers | 7 | 85,897,055 | 49,007,909 |
| Acquisition Of Assets | 8 | - | 574,424 |
| Other Payments | 9 | - | - |
| | | | |
| **Total Payments** | | **196,245,987** | **148,093,524** |
| **Surplus/(Deficit)** | | **(13,983,229)** | **13,376,200** |

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

The Constituency financial statements were approved on *24th March,2023* and signed by:

| Fund Account Manager | National Sub-County Accountant | Chairman NG-CDF C - Kaloleni |
|---|---|---|
| Mr. Elisha Ade | Mr. Eric Mutuku<br>ICPAK M/No:20668 | Mr. Lennoxeny Mtengo |

## VIII. Statement of Assets and Liabilities As At 30th June, 2022

| | Note | 2021-2022 | 2020-2021 |
|---|---|---|---|
| | | Kshs | Kshs |
| **Financial Assets** | | | |
| **Cash And Cash Equivalents** | | | |
| Bank Balances (As Per the Cash Book) | 10A | 19,217,516 | 33,200,745 |
| Cash Balances (Cash at Hand) | 10B | - | - |
| **Total Cash and Cash Equivalents** | | **19,217,516** | **33,200,745** |
| | | | |
| **Accounts Receivable** | | | |
| Outstanding Imprests | 11 | - | - |
| **Total Financial Assets** | | **19,217,516** | **33,200,745** |
| | | | |
| **Financial Liabilities** | | | |
| **Accounts Payable (Deposits)** | | | |
| Retention | 12A | - | - |
| Gratuity | 12B | - | - |
| **Total Financial Liabilities** | | - | - |
| **Net Financial Assets** | | **19,217,516** | **33,200,745** |
| | | | |
| **Represented By** | | | |
| Fund Balance B/Fwd | 13 | 33,200,745 | 19,824,545 |
| Prior Year Adjustments | 14 | - | - |
| Surplus/Deficit for The Year | | (13,983,229) | 13,376,200 |
| **Net Financial Position** | | **19,217,516** | **33,200,745** |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.
The Constituency financial statements were approved on *24th March,2023* and signed by:

| Fund Account Manager | National Sub-County Accountant | Chairman NG-CDF C - Kaloleni |
|---|---|---|
| Mr. Elisha Ade | Mr. Eric Mutuku<br>ICPAK M/No:20668 | Mr. Lennoxeny Mtengo |

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

| | Notes | 2021 – 2021 | 2021 - 2021 |
|---|---|---|---|
| | | Kshs | Kshs |
| **Receipts From Operating Activities** | | | |
| Transfers From NGCDF Board | 1 | 182,177,758 | 161,367,724 |
| Other Receipts | 3 | 85,000 | 102,000 |
| **Total Receipts** | | **182,262,758** | **161,469,724** |
| Payments | | | |
| Compensation Of Employees | 4 | 1,180,572 | 1,672,380 |
| Use Of Goods and Services | 5 | 14,365,683 | 15,464,905 |
| Transfers To Other Government Units | 6 | 94,802,677 | 81,373,906 |
| Other Grants and Transfers | 7 | 85,897,055 | 49,007,909 |
| Other Payments | 9 | - | - |
| **Total Payments** | | (196,245,987) | (147,519,100) |
| **Total Receipts Less Total Payments** | | **(13,983,229)** | **13,950,624** |
| Adjusted For: | | | |
| Decrease/(Increase) In Accounts Receivable | 15 | - | (-) |
| Increase/(Decrease) In Accounts Payable | 16 | - | - |
| Prior Year Adjustments | 14 | - | - |
| **Net Cash Flow from Operating Activities** | | **(13,983,229)** | **13,950,624** |
| | | | |
| **Cashflow From Investing Activities** | | | |
| Proceeds From Sale of Assets | 2 | - | - |
| Acquisition Of Assets | 8 | (-) | (574,424) |
| **Net Cash Flows from Investing Activities** | | **-** | **(574,424)** |
| | | | |
| Net Increase In Cash And Cash Equivalent | | (13,983,229) | 13,376,200 |
| | | | |
| **Cash & Cash Equivalent At Start Of The Year** | **10** | **33,200,745** | **19,824,545** |
| **Cash & Cash Equivalent At End Of The Year** | | **19,217,516** | **33,200,745** |

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

The Constituency financial statements were approved on *24th March,2023* and signed by:

| Fund Account Manager | National Sub-County Accountant | Chairman NG-CDF C - Kaloleni |
|---|---|---|
| Mr. Elisha Ade | Mr. Eric Mutuku<br>ICPAK M/No:20668 | Mr. Lennoxeny Mtengo |

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

| Receipts/Payments | Original Budget | Adjustments | | Final Budget | Actual on comparable basis | Budget utilization difference | % of Utilization |
|---|---|---|---|---|---|---|---|
| | A | b | | c=a+b | D | e=c-d | f=d/c % |
| Receipts | 2021/2022 | Opening Balance (C/Bk) and AIA | Previous Years' Outstanding disbursements | 2021/2022 | 30/06/2022 | | |
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Transfers From NGCDF Board | 137,088,879 | 33,200,745 | 45,088,879 | 215,378,503 | 215,378,503 | - | 100.00% |
| Proceeds From Sale of Assets | - | - | - | - | - | - | - |
| Other Receipts-AIA | | 85,000 | - | 85,000 | 85,000 | - | 100.0% |
| **Totals** | **137,088,879** | **33,285,745** | **45,088,879** | **215,463,503** | **215,463,503** | **-** | **100.00%** |
| **Payments** | | | | | | | |
| Compensation Of Employees | 1,735,125 | 822,754 | - | 2,557,879 | 1,180,572 | 1,377,307 | 46.20% |
| Use Of Goods and Services | 10,602,874 | 7,243,938 | - | 17,846,812 | 14,365,683 | 3,481,130 | 80.50% |
| Transfers To Other Government Units | 58,502,677 | - | 39,300,000 | 97,802,677 | 94,802,677 | 3,000,000 | 96.90% |
| Other Grants and Transfers | 66,248,203 | 24,406,053 | 5,788,879 | 96,443,135 | 85,897,055 | 10,546,080 | 89.10% |
| Acquisition Of Assets | - | - | - | - | - | - | - |
| Other Payments | - | - | - | - | - | - | - |
| Funds Pending Approval-unallocated-AIA | | 813,000 | - | 813,000 | - | 813,000 | 0.00% |
| **Totals** | **137,088,879** | **33,285,745** | **45,088,879** | **215,463,503** | **196,245,987** | **19,217,516** | **91.10%** |

***Funds pending approval are sums not yet approved by the board for utilisation and include approved allocations and/or AIA not yet allocated for specific projects.*

*Explanatory Notes .*

*(a) Total collected appropriation in aid (AIA) amounted to Ksh. 813,000. This total amount is yet to be appropriated.*

*(b) Compensation to employees was utilized up to 46.20% because of pending staff gratuity amounting to Ksh. 964,343 yet to fall due*

*(c) Payments to other grants and transfers was utilized to a tune of 89.10%. The underutilization was due to amount of Kshs. 8,942,049 in the emergency vote and yet to be utilised*

*(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.*

| Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities | |
|---|---|
| **Description** | **Amount** |
| Budget utilisation difference totals | 19,217,516 |
| Less undisbursed funds receivable from the Board as at 30th June 2022 | (-) |
| SubTotal | 19,217,516 |
| Add Accounts payable | - |
| Less Accounts Receivable | (-) |
| Add/Less Prior Year Adjustments | - |
| Cash and Cash Equivalents at the end of the FY 2021/2022 | **19,217,516** |

The Constituency financial statements were approved on *24th March, 2023* and signed by:

| **Fund Account Manager** | **National Sub-County Accountant** | **Chairman NG-CDF C.Kaloleni** |
|---|---|---|
| Mr. Elisha Ade | Mr. Eric Mutuku<br>ICPAK M/No: 20668 | Mr. Lennoxeny Mtengo |

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

| Programme/Sub-programme | Original Budget | Adjustments | | Final Budget | Actual on comparable basis | Budget utilization difference |
|---|---|---|---|---|---|---|
| | 2021/2022 | Opening Balance (C/Bk) and AIA | Previous Years' Outstanding Disbursements | 2021/2022 | 30/06/2022 | |
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| 1.0 Administration and Recurrent | | | | | | |
| 1.1 Compensation of employees | 1,735,125 | 822,754 | - | 2,557,879 | 1,180,572 | 1,377,307 |
| 1.2 Committee allowances | 2,800,998 | 600,000 | - | 3,400,998 | 2,236,950 | 1,164,048 |
| 1.3 Use of goods and services | 3,689,210 | 3,655,729 | - | 7,344,939 | 5,449,604 | 1,895,335 |
| | | | | | | |
| 2.0 Monitoring and evaluation | | | | | | |
| 2.1 Capacity building | 1,316,715 | 1,554,180 | - | 2,870,895 | 2,662,950 | 207,945 |
| 2.2 Committee allowances | 1,382,000 | 750,000 | - | 2,132,000 | 2,125,200 | 6,800 |
| 2.3 Use of goods and services | 1,413,951 | 684,030 | - | 2,097,981 | 1,891,979 | 206,002 |
| 3.0 Emergency | | | | | | |
| 3.1 un utilised | 7,192,207 | 1,258,963 | 490,879 | 8,942,049 | - | 8,942,049 |
| 3.2 Secondary schools | - | - | - | - | - | - |
| 3.3 Tertiary institutions | - | - | - | - | - | - |
| 3.4 Security projects –Kaloleni Police Station | - | - | 950,000 | 950,000 | 950,000 | - |
| 4.0 Bursary and Social Security | | | | | | |
| 4.1 Primary Schools | - | - | - | - | - | - |
| 4.2 Secondary Schools | 26,329,324 | 8,584,089 | - | 34,913,413 | 34,913,000 | 413 |

| Programme/Sub-programme | Original Budget | Adjustments | | Final Budget | Actual on comparable basis | Budget utilization difference |
|---|---|---|---|---|---|---|
| | 2021/2022 | Opening Balance (C/Bk) and AIA | Previous Years' Outstanding Disbursements | 2021/2022 | 30/06/2022 | |
| 4.3 Tertiary Institutions | 17,539,117 | 9,663,000 | - | 27,202,117 | 25,598,500 | 1,603,617 |
| 4.4 Universities | - | - | - | - | - | - |
| 4.5 Social Security | - | - | - | - | - | - |
| **5.0 Sports** | | | | | | |
| 5.1 NGCDF Kaloleni Sports PMC | 2,741,778 | - | - | 2,741,778 | 2,741,778 | |
| **6.0 Environment** | | | | | | |
| 6.1 NGCDF Kaloleni Environment PMC | 2,741,777 | - | - | 2,741,777 | 2,741,777 | - |
| 6.2 | | | | | | |
| **7.0 Primary Schools Projects (List all the Projects)** | | | | | | |
| 7.1 Birini Mwamleka Pri. School | 1,502,677 | - | - | 1,502,677 | 1,502,677 | - |
| 7.2 Muungano Primary School | 7,000,000 | - | - | 7,000,000 | 7,000,000 | - |
| 7.3 Kithengwani Primary School | - | - | 6,700,000 | 6,700,000 | 6,700,000 | - |
| 7.4 Ndatani Primary School | - | - | 6,700,000 | 6,700,000 | 6,700,000 | - |
| 7.5 Mihingoni Primary School | - | - | 6,700,000 | 6,700,000 | 6,700,000 | - |
| 7.6 Mtulu Primary School | - | - | 6,700,000 | 6,700,000 | 6,700,000 | - |
| 7.7 Kizurini Primary School | - | - | 4,500,000 | 4,500,000 | 4,500,000 | - |
| **8.0 Secondary Schools Projects (List all the Projects)** | | | | | | |
| 8.1 Madzimbani Secondary School | 14,500,000 | - | - | 14,500,000 | 14,500,000 | - |
| 8.2 Paul Katana High School | 23,500,000 | - | - | 23,500,000 | 23,500,000 | - |

| Programme/Sub-programme | Original Budget | Adjustments | | Final Budget | Actual on comparable basis | Budget utilization difference |
|---|---|---|---|---|---|---|
| | 2021/2022 | Opening Balance (C/Bk) and AIA | Previous Years' Outstanding Disbursements | 2021/2022 | 30/06/2022 | |
| 8.3 Vuga Secondary School | 4,500,000 | - | - | 4,500,000 | 4,500,000 | - |
| 8.4 Kizurini Secondary School | 3,000,000 | - | - | 3,000,000 | - | 3,000,000 |
| 8.5 Migundini Secondary School | 4,500,000 | - | - | 4,500,000 | 4,500,000 | - |
| 8.6 Shangia Secondary School | - | - | 8,000,000 | 8,000,000 | 8,000,000 | - |
| 9.0 Tertiary institutions Projects (List all the Projects) | | | | | | |
| 9.1 | - | - | - | - | - | - |
| 10.0 Security Projects | | | | | | |
| 10.1 | - | - | - | - | - | - |
| 11.0 Acquisition of assets | | | | | | |
| 11.1 Motor Vehicles (including motorbikes) | - | - | - | - | - | - |
| 11.4 Purchase of computers | - | - | - | - | - | - |
| 11.5 Purchase of land | - | - | - | - | - | - |
| 12.0 Others | | | | | | |
| 12.1 NGCDF Kaloleni Desks | 9,704,000 | 4,900,000 | 4,348,000 | 18,952,000 | 18,952,000 | - |
| 12.2 Innovation Hub | | | | | | |
| Funds pending approval-AIA | | 813,000 | - | 813,000 | - | 813,000 |
| **Total** | **137,088,879** | **33,285,745** | **45,088,879** | **215,463,503** | **196,246,987** | **19,216,516** |

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

## XI. Significant Accounting Policies

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

### 1. Statement of Compliance and Basis of Preparation

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

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

### 2. Reporting Entity

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

### 3. Reporting Currency

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

### 4. Significant Accounting Policies

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

a) Recognition of Receipts

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

***....Significant Accounting Policies continued***

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

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

**Proceeds from Sale of Assets**

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

**Other receipts**

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

***Unutilized Funds from PMCs.***

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

**External Assistance**

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

**b) Recognition of payments**

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

***....Significant Accounting Policies continued***

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

***....Significant Accounting Policies continued***

6. Cash and Cash Equivalents.

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

***....Significant Accounting Policies continued***

pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

**10. Unutilized Fund**

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

**11. Budget**

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

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

**12. Comparative Figures**

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

**13. Subsequent Events**

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

**14. Errors**

Material prior period errors are corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior

***....Significant Accounting Policies continued***

period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

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

15. **Related Party Transactions**

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

## XII. Notes to the Financial Statements

### 1. Transfers from NGCDF Board

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| NGCDF Board | | |
| AIE NO. B 140912 | 33,000,000 | |
| AIE NO. B 105452 | 44,000,000 | |
| AIE NO. B 105788 | 24,000,000 | |
| AIE NO. B128524 | 5,000,000 | |
| AIE NO. B 128836 | 12,000,000 | |
| AIE NO. B 154033 | 12,000,000 | |
| AIE NO. B 164476 | 20,000,000 | |
| AIE NO. B 155833 | 20,088,879 | |
| AIE NO. B 155953 | 12,088,879 | |
| AIE NO. B 104780 | | 45,000,000 |
| AIE NO. B 104543 | | 24,367,724 |
| AIE NO. B 124533 | | 9,000,000 |
| AIE NO. B 124963 | | 8,500,000 |
| AIE NO. B 042761 | | 12,000,000 |
| AIE NO. B 047450 | | 6,900,000 |
| AIE NO. B 041083 | | 7,000,000 |
| AIE NO. B 047450 | | 6,000,000 |
| AIE NO. B 041290 | | 13,000,000 |
| AIE NO. B 047710 | | 7,000,000 |
| AIE NO. B 049297 | | 10,600,000 |
| AIE NO. B 104322 | | 12,000,000 |
| TOTAL | 182,177,758 | 161,367,724 |

2. Proceeds From Sale of Assets

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

3. Other Receipts

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Interest Received | - | - |
| Rents | 20,000 | 40,000 |
| Receipts from sale of tender documents | 65,000 | 62,000 |
| Hire of plant/equipment/facilities | - | - |
| Unutilized funds from PMCs | - | - |
| Other Receipts Not Classified Elsewhere | - | - |
| **Total** | **85,000** | **102,000** |

*....Notes To the Financial Statements (Continued)*

4. Compensation Of Employees

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| NG-CDFC Basic staff salaries | 1,170,972 | 1,170,972 |
| Personal allowances paid as part of salary | - | - |
| House Allowance | - | - |
| Transport Allowance | - | - |
| Gratuity to contractual employees | - | 491,808 |
| Employer Contributions Compulsory national social security schemes | 9,600 | 9,600 |
| **Total** | **1,180,572** | **1,672,380** |

5. Use Of Goods and Services

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Utilities, supplies and services | - | - |
| Electricity and electrical services | 140,000 | 233,554 |
| Water and sewerage | 478,868 | 797,250 |
| Communication, supplies and services | 270,675 | 318,000 |
| Domestic travel and subsistence | 790,000 | 411,000 |
| Printing, advertising and information supplies & services | 332,010 | 873,654 |
| Rentals of produced assets | - | - |
| Training expenses | 1,554,180 | 1,932,750 |
| Hospitality supplies and services | 1,009,370 | 155,992 |
| Committee allowance and other committee expenses | 5,470,920 | 5,800,000 |
| Insurance costs | 243,611 | 261,052 |
| Office and general supplies and services | 1,318,892 | 1,207,833 |
| Fuel, oil and lubricants | 550,000 | 464,633 |
| Other operating expenses- hire of tents, chairs, venues, PA system | 1,304,380 | 1,681,250 |
| Bank service commissions and Charges | 49,632 | 57,957 |
| Cleaning, sanitary and fumigation services | 281,205 | 818,000 |
| Routine maintenance – vehicles and other transport equipment | 388,700 | 45,000 |
| Routine maintenance – other assets (furniture and buildings) | 183,240 | 406,180 |
| **Total** | **14,365,683** | **15,464,905** |

*....Notes To The Financial Statements (Continued)*

6. Transfer To Other Government Units

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Transfers To Primary Schools (See Attached List-Schedule 1) | 39,802,677 | 74,973,906 |
| Transfers To Secondary Schools (See Attached List- Schedule 2) | 55,000,000 | 6,400,000 |
| Transfers To Tertiary Institutions | - | - |
| **Total** | **94,802,677** | **81,373,906** |

7. Other Grants and Other transfers

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Bursary – secondary schools (see attached list-Schedule 3) | 34,913,000 | 26,630,000 |
| Bursary – tertiary institutions (see attached list-Schedule 3) | 25,598,500 | 975,000 |
| Bursary – special schools | - | - |
| Mock & CAT | - | - |
| Social Security programmes (NHIF) | - | - |
| Sports projects (see attached list-Schedule 4) | 2,741,778 | 5,489,132 |
| Environment projects (see attached list-Schedule 5) | 2,741,777 | 2,741,777 |
| Emergency projects (see attached list-Schedule 6) | 950,000 | 7,400,000 |
| NGCDF Kaloleni School Desks project (see attached list-Schedule7) | 18,952,000 | 5,772,000 |
| **Total** | **85,897,055** | **49,007,909** |

8. Acquisition Of Assets

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Construction of Buildings | - | - |
| Purchase of Vehicles and Other Transport Equipment | - | - |
| Purchase of Household Furniture and Institutional Equipment | - | - |
| Purchase of Office Furniture and General Equipment | - | - |
| Purchase of ICT Equipment, Software and Other ICT Assets | - | 574,424 |
| **Total** | - | **574,424** |

***....Notes To the Financial Statements (Continued)***

9. Other Payments

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

10: Cash Book Bank Balance

| Name Of Bank, Account No. & Currency | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| **10A: Bank Accounts (Cash Book Bank Balance)** | | |
| *Cooperative Bank-Mariakani A/C no. 01141253838300* | 19,217,516 | 33,200,745 |
| **Total** | **19,217,516** | **33,200,745** |
| | | |
| **10 B: Cash on Hand** | | |
| Location 1 | - | - |
| Other Locations (*Specify)* | - | - |
| **Total** | - | - |
| *[Provide Cash Count Certificates for Each]* | | |

**11:** Outstanding Imprests

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

*....Notes to the Financial Statement Continued*

**12A. Retention**

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

**12B. Gratuity**

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

**13. Balances Brought Forward**

| | 2021-2022 (1st July 2021) | 2020-2021 (1st July 2020) |
|---|---|---|
| | Kshs | Kshs |
| Bank accounts-<br>*Cooperative Bank-Mariakani A/C no. 01141253838300* | 33,200,745 | 19,824,545 |
| Cash in hand | - | - |
| Imprest | - | - |
| Total | 33,200,745 | 19,824,545 |

*....Notes to the Financial Statements (Continued)*

14. Prior Year Adjustments

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

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

15. Changes in Accounts Receivable – Outstanding Imprests

| | 2021-2022 KShs | 2020-2021 KShs |
|---|---|---|
| Outstanding Imprest as at 1st July (A) | - | - |
| Imprest issued during the year (B) | 6,175,751 | 8,900,330 |
| Imprest surrendered during the Year (C) | 6,175,751 | 8,900,330 |
| closing accounts in account receivables D= A+B-C | - | - |
| Changes in Account Receivables E= D-A | - | - |

16. Changes in Accounts Payable – Deposits and Retentions

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

*....Notes to the Financial Statements (Continued)*

17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

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

17.2: Pending Staff Payables (See Annex 2)

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| NGCDFC Staff | - | - |
| Others (*specify*) | - | - |
| Total | - | - |

17.3: Unutilized Fund (See Annex 3)

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Compensation of employees | 1,377,307 | 822,754 |
| Use of goods and services | 3,481,130 | 7,243,939 |
| Amounts due to other Government entities (see attached list) | 3,000,000 | 34,800,000 |
| Amounts due to other grants and other transfers (see attached list) | 10,546,079 | 34,694,931 |
| Acquisition of assets | - | - |
| Funds pending approval-AIA | 813,000 | 728,000 |
| **Total** | **19,217,516** | **78,289,624** |

17.4: PMC account balances (See Annex 5)

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| PMC account balances (see attached list) | 71,678,034 | 38,852,568 |
| Total | **76,350,254** | 38,852,568 |

**Annexes**

Annexes: 1Analysis of Pending Accounts Payable

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

Annex 2 - Analysis of Pending Staff Payables

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

Annex 3 – Unutilized Fund

| Name | Brief Transaction Description | Outstanding Balance 2021/22 | Outstanding Balance 2020/2021 | Comments |
|---|---|---|---|---|
| Compensation of employees | Salary to Employee, NSSF,NHIF,PAYE | 1,377,307 | 822,754 | |
| Use of goods & services | Administration expenses | 3,481,130 | 7,243,939 | |
| Sub-Total | | 4,858,437 | 8,066,693 | |
| **Amounts due to other Government entities** | | | | |
| Kathegwani Primary School | Construction of admin block & 2classroom | | 6,700,000 | The project is completed |
| Mihingoni Primary School | Construction of admin block & 2classroom | | 6,700,000 | The project is completed |
| Mtulu Primary School | Construction of admin block & 2classroom | | 6,700,000 | The project is completed |
| Ndatani Primary School | Construction of admin block & 2classroom | | 6,700,000 | The project is completed |
| Shangia Secondary School | Construction of laboratory Block | | 8,000,000 | The project is completed |
| Kizurini Secondary School | Renovation of students laboratory and equipping | 3,000,000 | | Not yet started by 30/6/2022 |
| Sub-Total | | 3,000,000 | 34,800,000 | |
| **Amounts due to other grants and other transfers** | | | | |
| Bursary-Secondary School | Payment of bursary to needy students | 413 | 18,247,089 | |
| Bursary-Tertiary Institution | Payment of bursary to needy students | 1,603,617 | | |
| Emergency | To cater for unforeseen occurrences | 8,942,049 | 7,199,842 | |
| Kaloleni NGCDF Desk Project | Purchase of desks to Primary schools | | 9,248,000 | The desks are complete and in use |
| Sub-Total | | 10,546,079 | 34,694,931 | |
| Funds pending approval-AIA | Unallocated AIA | 813,000 | 728,000 | Awaiting appropriation |
| Grand Total | | 19,217,516 | 78,289,624 | |

Annex 4 – Summary of Fixed Asset Register

| Asset class | Historical Cost b/f (Kshs) 2020/21 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost (Kshs) 2021/22 |
|---|---|---|---|---|
| Land | - | - | - | - |
| Buildings and structures | 23,288,021 | - | - | 23,288,021 |
| Transport equipment-Motor Vehicle | 11,129,132 | - | - | 11,129,132 |
| Office equipment, furniture and fittings | 1,048,540 | - | - | 1,048,540 |
| ICT Equipment, Software and Other ICT Assets | 924,424 | | | 924,424 |
| Other Machinery and Equipment | - | - | - | - |
| Heritage and cultural assets | - | - | - | - |
| Intangible assets | - | - | - | - |
| **Total** | **36,390,117** | - | - | **36,390,117** |

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

| PMC | Bank | Account number | Bank Balance 2021/22 | Bank Balance 2020/21 |
|---|---|---|---|---|
| Mahenzo Primary School NG CDF project | Cooperative | 01141764680900 | 1,492,022 | 6,702,793 |
| Kaloleni NGCDF Desk project | Cooperative | 01141764626700 | 1,372,014 | 2,905,007 |
| Kaloleni NGCDF Environment project | Cooperative | 01100764587100 | 330 | 753 |
| Kaloleni NGCDF Sports project | Cooperative | 01141764626600 | 213 | 763,936 |
| Mbalamweni assistance chiefs office | Cooperative | 01141765073100 | - | 190 |
| St. Johns Girls Sec School NGCDF Project | Cooperative | 01141765073300 | 284,922 | 284,822 |
| Mnazimmwenga Sec School bus project | Cooperative | 01141764833400 | - | 77,368 |
| Vishakani Primary School NGCDF project | Cooperative | 01141765083700 | - | 114 |
| Vugapri School NGCDF Project | Cooperative | 01141765077500 | - | 1,075 |
| Assistant County Comm. Kaloleni | Cooperative | 01141765093100 | - | 2,208 |
| Kinani Primary School NGCDF project | Cooperative | 01141764833600 | - | 312,174 |
| Maoro Primary School NGCDF project | Cooperative | 01141765235900 | 230 | 2,131,779 |
| Mwareni Primary School NGCDF project | Cooperative | 01141765353400 | 6,698,975 | 6,698,975 |
| Tsangatsini Primary School NGCDF project | Cooperative | 01141765211700 | 202,845 | 1,732,177 |
| Pangayambo Primary School NGCDF project | Cooperative | 01141765220100 | - | 252 |
| Migundini Primary School NGCDF project | Cooperative | 01141765208600 | - | 121,437 |
| Mwakolo Primary School NGCDF project | Cooperative | 01141765195000 | 485 | 3,972,777 |
| Kizurini Primary School NGCDF project | Cooperative | 01141765189400 | 178,053 | 5,097,779 |
| Mkuluni Primary School NGCDF project | Cooperative | 01141765220200 | 500 | 4,682,777 |
| Mnyenzeni Primary School NGCDF project | Cooperative | 01141765208400 | 22,744 | 129,528 |
| Walea Primary School NGCDF project | Cooperative | 01141765111600 | 4,150 | 1,233,976 |
| Ikanga Primary School NGCDF project | Cooperative | 01141765103800 | - | 486 |
| Miyani Secondary School NGCDF Project | Cooperative | 01141765231300 | 2,000,185 | 2,000,185 |
| Kithengwani Primary School NGCDF project | Cooperative | 01141765399000 | 2,365,028 | - |
| Mihingoni Primary School NGCDF project | Cooperative | 01141765397300 | 2,084,528 | - |
| Ndatani Primary School NGCDF project | Cooperative | 01141765397400 | 1,372,704 | - |
| Birinimwamleka pri school NGCDF project | Cooperative | 01141765435800 | 736,652 | - |
| Muungano primary school NGCDF project | Cooperative | 01141765463400 | 2,678,295 | - |
| Mtulu primary school NGCDF project | Cooperative | 01141765506600 | 6,698,975 | - |
| Shangia Secondary School NGCDF project | Cooperative | 01141765397500 | 4,347,780 | - |
| Migundini Seco School NGCDF project | Cooperative | 01141765419400 | 1,483,199 | - |
| Paul Katana High School-Virangoni project | Cooperative | 01141765479800 | 23,412,975 | - |
| Madzimbani seco school-Virangoni project | Cooperative | 01141765479700 | 14,413,475 | - |
| Vuga secondary School NGCDF project | Cooperative | 01141765506500 | 4,498,975 | - |
| **Total** | | | **76,350,254** | **38,852,568** |

Schedule I: Transfer To Other Government Units- Transfer to Primary Schools

| Description | Date of Transfer | Amount |
|---|---|---|
| | | Kshs |
| Kithengwani Primary School | 23-09-2021 | 6,700,000 |
| Mihingoni Primary School | 23-09-2021 | 6,700,000 |
| Ndatani Primary School | 23-09-2021 | 6,700,000 |
| Kizurini Primary School | 30-11-2021 | 4,500,000 |
| Birinimwamleka primary sch | 30-11-2021 | 1,502,677 |
| Muungano primary sch | 02-03-2022 | 7,000,000 |
| Mtulu primary school | 07-06-2022 | 6,700,000 |
| **Total** | | **39,802,677** |

Schedule 2: Transfer To Other Government Units- Transfer to Secondary Schools

| Description | Date of Transfer | Amount (Kshs. ) |
|---|---|---|
| Shangia Secondary School | 23-09-2021, 07/06/2022 | 8,000,000 |
| Migundini Secondary School | 30-11-2021 | 4,500,000 |
| Paul Katana High School | 30-03-2022 | 23,500,000 |
| Madzimbani Secondary School | 30-03-2022 | 14,500,000 |
| Vuga Secondary School | 18-03-2022 | 4,500,000 |
| **Total** | | **55,000,000** |

Schedule 3: Other Grants and other Transfers - Bursary to Secondary and Tertiary Schools

| Description | Date of Transfer | Bursary to secondary school | Bursary to tertiary /universities | Total |
|---|---|---|---|---|
| | | Kshs | Kshs | Kshs |
| Bursary to various Secondary Institution | 13.07.2021 | | 8,345,000 | 8,345,000 |
| Bursary to various Secondary Institution | 30.07.2021 | 3,066,000 | | 3,066,000 |
| Bursary to various Secondary Institution | 30.07.2021 | 5,865,000 | | 5,865,000 |
| Bursary to various Secondary Institution | 07.09.2021 | | 430,000 | 430,000 |
| Bursary to various Secondary Institution | 22.10.2021 | | 330,000 | 330,000 |
| Bursary to various Secondary Institution | 07.02.2022 | | 558,000 | 558,000 |
| Bursary to various Secondary Institution | 03.04.2022 | 2,342,000 | | 2,342,000 |
| Bursary to various Secondary Institution | 03.04.2022 | 13,113,000 | | 13,113,000 |

| | | | | |
|---|---|---|---|---|
| Bursary to various Secondary Institution | 03.04.2022 | 10,527,000 | | 10,527,000 |
| Bursary to various Secondary Institution | 14.04.2022 | | 7,178,000 | 7,178,000 |
| Bursary to various Secondary Institution | 18.05.2022 | | 8,757,500 | 8,757,500 |
| Total | | 34,913,000 | 25,598,500 | 60,511,500 |

Schedule 4: Other Grants and other Transfers – Sports Projects

| Description | Date of Transfer | Amount |
|---|---|---|
| | | Kshs |
| NG CDF Sports Project | 26.11.2021 | 2,741,778 |
| **Total** | | **2,741,778** |

Schedule 5: Other Grants and other Transfers – Environment Projects

| Description | Date of Transfer | Amount |
|---|---|---|
| | | Kshs |
| NG CDF Environment Project | 26.11.2021 | 2,741,777 |
| **Total** | | **2,741,777** |

Schedule 6: Other Grants and other Transfers – Emergency Projects

| Description | Date of Transfer | Amount |
|---|---|---|
| | | Kshs |
| Kizurini Police Station | 30.11.2021 | 950,000 |
| **Total** | | **950,000** |

Schedule7: Other Grants and other Transfers – NGCDF Desks Project

| Description | Date of Transfer | Amount |
|---|---|---|
| | | Kshs |
| Kaloleni NG CDF Desk project | 07.07.2021 | 2,900,000 |
| Kaloleni NG CDF Desk project | 01.10.2021 | 4,348,000 |
| Kaloleni NG CDF Desk project | 15.11.2021 | 2,000,000 |
| Kaloleni NG CDF Desk project | 30.11.2021 | 4,000,000 |
| Kaloleni NG CDF Desk project | 18.05.2022 | 5,704,000 |
| Total | | **18,952,000** |

Annex 6: Progress On Follow Up of Auditor Recommendations

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

| Reference No. on the external audit Report | Issue/ Observations from Auditor | Management comments | Focal Point person to resolve the issue *(Name and designation)* | Status: *(Resolved / Not Resolved)* | Timeframe: *(Put a date when you expect the issue to be resolved)* |
|---|---|---|---|---|---|
| 1 | Emergency projects (2017-2018 | – During the period drought was a national disaster which necessitated CDFC input. The CDFC through emergency pmc supplied water to Kirumbi girls to assist in curbing the water shortage.<br>– Water is a devolved function but we based our decision on the school management which is a national government function. Also during the time of emergency any of the government can intervene to safe the situation | Elisha Ade (fund account manager) | Resolved | |
| 2 | Inaccuracies In The Financial Statements (2017-2018) | The variance of Kshs. 2,500,000 in the appropriation account resulted as an error where funds for strategic plan project was not well reflected in the appropriation account. The issue was resolved with auditors since had no impact on audit opinion | Elisha Ade (fund account manager) | Resolved | |
| 1.0 | Other matters. budget control and performance(2017-2018) | 1.1 **Receipts Budget.** The CDFC have agreed to be implementing project promptly and also endeavor on training PMCs on project implementation skills. This will positively influence absorption rate of our allocated funds from the board. Since if we relieve funds from the main account, we will be able to request for additional from the board | Elisha Ade (fund account manager) | Resolved | |
| | | 1.2. **Expenditure budget.** The budget utilization was at 60%. this is because of huge money owed from the board at the closure of the financial year | Elisha Ade (FAM) | Resolved | |
| | Project | 1.3. All the ongoing projects were well completed. | Elisha Ade | Resolved | |

| | | | | | |
|---|---|---|---|---|---|
| | implementation status. (2017-2018) | – We have also undertaken training of PMCs on project implementation skills and we expected improvement on implementation and management of our projects.<br>– We make our project proposals by conducing public participation in every award hence we are satisfied the projects we undertake have direct positive impact on people of Kaloleni | (fund account manager) | | |
| | | **Unremitted Statutory Deductions:** we have sorted out our pin password problem and we have remitted all statutory deductions (PAYE, NSSF) | Elisha Ade (fund account manager) | Resolved | |
| 5.1 | Irregular Funding Of The Projects | The Mgamboni Dispensary staff house health project was done following the approval from the CDF Board for financial year 2014/15 proposals for the completion of staff house. This was an additional amount from the previous allocation for the approved proposals for financial year 2013/2014 | Elisha Ade (fund account manager) | Resolved | |
| | | The NG CDF Act 2015 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 next financial year without harming the public interest of the constituents'. Based on this the water project funds were drawn from the emergency allocation due to demand from the community during vast drought period that hit not only Kaloleni constituency but the whole country. | Elisha Ade (fund account manager) | Resolved | |
| 5.2 | Bursaries-secondary schools | There was an error in classifying items in note 7 of the financial statement but we have corrected the error and classified every item in its category. | Elisha Ade (fund account manager) | Resolved | |
| 5.3.1 | security projects Jibana chief's camp | We have attached A.I.E and code list from the board that consists Jibana chief's camp as one of the project under funding, we have also attached approval from the board for your verification | Elisha Ade (fund account manager) | Resolved | |
| 5.3.2 | Kawala/ Kadzonzo assistant chief's office | The land was in dispute but the matter was settled in a court of law that's why the work progressed as planned.<br>We have a letter from the D.C.Cs office for your verification.<br>The excess of Kshs. 167,798 was for the Pmcs administration and branding of the project. | Elisha Ade (fund account manager) | Resolved | |

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| 5.3.3 | Tsangatsini chief's office | The project was successfully done as per the attached project proposal on security<br>We have attached projects tender documents, bank statements and certificates of completion for your verification | Elisha Ade (fund account manager) | Resolved | |
| 5.4 | Sports Projects | The project was done successful, items were purchased and even some teams were sponsored on their tournaments.<br>For your audit verification, we have attached list of items purchased, bank statements, delivery notes and list of beneficiaries. | Elisha Ade (fund account manager) | Resolved | |
| 5.5 | Environment projects | The over payment was as a result of the balance for the environment project for the financial year 2015/2016.<br>We have a distribution list and delivery notes for the same attached alongside the acceptance committee reports for your verification | Elisha Ade (fund account manager) | Resolved | |
| 6.0 | Bank Balance | As for the year ended 30 June, 2017 the stale cheques which amounted to Kshs. 5,193 were subsequently cleared | Elisha Ade (fund account manager) | Resolved | |
| 8.0 | Project Management Committee Bank Balances | Annex 5 to the financial statement for the year ended 30 June 2017 reflects PMC bank balances of Kshs. 291,561. This was an error, however we have corrected and the correct amount is Kshs 1,496,393.<br>We have attached a copy of the certified bank balances dated 20/6/2017 which was the end of the transaction for that financial year for the projects under review. (See attached annex 8) | Elisha Ade (fund account manager) | Resolved | |

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Mr. Elisha Ade
Fund Account Manager- Kaloleni NGCDF