

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY

DATE: 20 JUL 2022

DAY: WED

REPORT

BY:

HON. NAOMI WAGDO, MP
Deputy Majority Whip
Fintayo Mwangi

OF

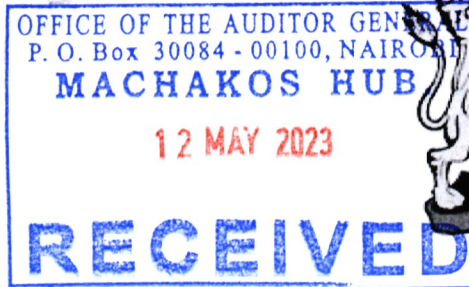
THE AUDITOR-GENERAL

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ON

NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – KITUI CENTRAL
CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE, 2022



**KITUI CENTRAL 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, the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund, represents NG-CDF.

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

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- 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 Kitui Central 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	Josephine Mutua
2.	Sub-County Accountant	Justus Mutua
3.	Chairman NGCDFC	Boniface Kithita

No	Designation	Name
4.	Member NGCDFC	Rose Mbula

(d) Fiduciary Oversight Arrangements

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

P.O. Box 732-90200
Off Kwa Ngindu Road
Kitui, KENYA

(f) Kitui Central Constituency NGCDF Contacts

Telephone: (254) 0734909303
E-mail: cdfkituicentral@ngcdf.go.ke
Website: www.go.ke

(g) Kitui Central Constituency NGCDF Bankers

National Bank of Kenya
Branch Kitui
P.o Box166-90200
Kitui

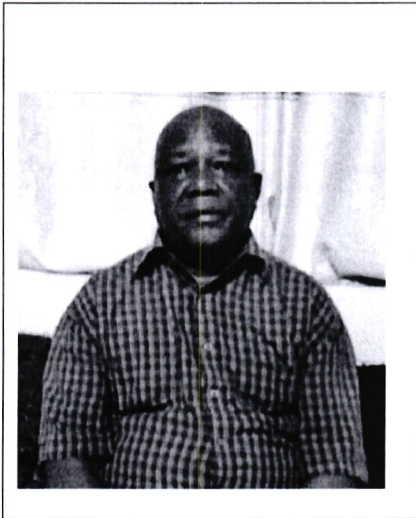
(h) Independent Auditors

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

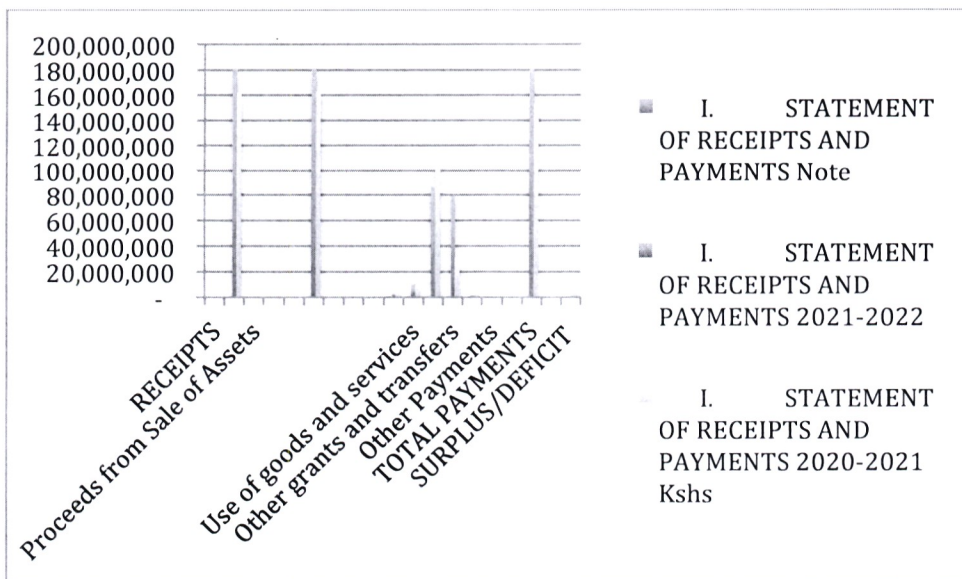


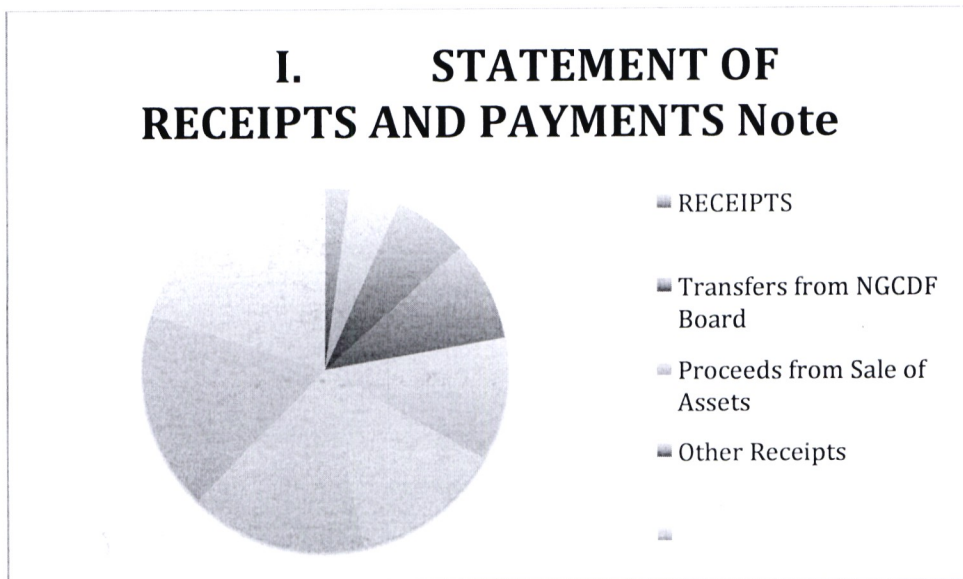
The budget performance for the year was excellent compared to last financial year we received 100% of the funds for the year’s budget.

When you look at the statement of receipts and expenditure you will notice that all transfers were done as per the financial years budget except for the employees salaries which had a balance.

However, despite the above challenges we are proud to report that all the funds received were fully disbursed to the respective projects and the projects were implemented to completion

The performance is graphically illustrated as below.

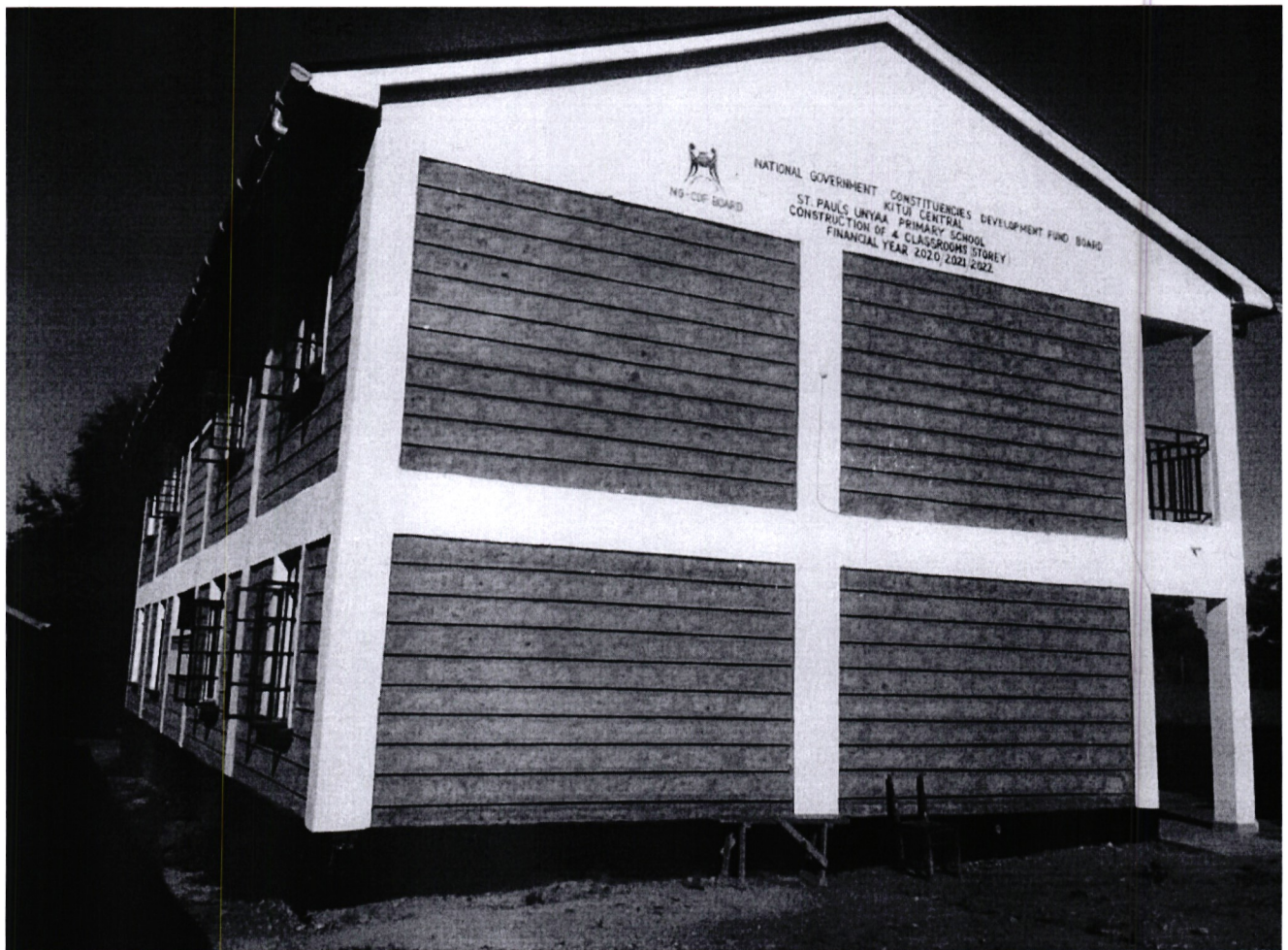




Some of our Key achievements for this year were transforming most of our schools into modern institutions by uplifting their faces by changing their roofs, flooring, fitting of modern windows and doors and repainting the schools.

We also constructed modern science laboratories for several schools and this will help improve the performance of science subjects in our schools

We also constructed more classrooms (storey) for some of our schools, which had fewer classrooms and lacked enough space for expansion.



Unyaa Primary School

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St Patrick's Ithimani Secondary School



Vinda Assistant Chiefs office

There are several emerging issues related to Kitui Central NGCDF this includes the below

- (a) Inadequate budget-the needs for projects in our constituency exceeds the funds available for project funding
- (b) Inadequate skills of some team members –This is common with the project management committee (PMC)members but we are ensuring thorough capacity building of the specific PMC.
- (c) Conflict of interest among the PMC members- Though we are emphasizing on stepping down of the members with interest on the specific projects.

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Challenges faced-

Some of the challenges we faced during project implementation was community being misinformed about what the NGCDF Act says about the management of the fund, the projects which we are required to fund and also their role in implementation and to counteract this we have embraced a culture of thorough capacity building of the community members that is the project management committees before and even during the implementation process



.....
Name *Justus Mumo*
CHAIRMAN NGCDF COMMITTEE

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

Introduction

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

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

- ✓ To improve access to education
- ✓ To improve learning environment
- ✓ To improve access to clean water and sanitation in schools
- ✓ To improve the working and living conditions of security personnel in the Constituency
- ✓ To prevent environmental degradation
- ✓ To build and enhance the skills of youth through sports
- ✓ To increase access to ICT infrastructure

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	<ul style="list-style-type: none"> - number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels 	In FY 21/22 -we increased number of classrooms, science, laboratories from 5classrooms... to12... - Bursary beneficiaries at all levels were as per the attached schedules
Security	To improve security in the constituency	Improved housing for the police force and improved offices for the	Number of Houses and offices constructed or renovated for the different central	We constructed 5 offices for chiefs and assistant

Kitui Central Constituency

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		administration offices	administration staff including the deputy county commissioner, chief, administration and regular police.	chiefs.
Environment	To prevent environmental degradation	Improve sustainable and conserved environment through various conservation measures	Number of trees planted, sand dams constructed and water tanks supplied to various institutions to harvest water	We constructed 4 sand dams at different sites to combat flooding
Sports	To nurture the youth	Improved talents among the youth	Tournament held at the ward level and constituency level	We held our ward level and constituency level sports tournament which was very successful
Emergency	To cater for any unforeseen occurrence in the constituency	Emergency cases sorted soonest time possible	Number of emergency cases handled	23 emergency cases were handled.

V. Environmental and Sustainability Reporting

Kitui Central 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 Kitui central NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Kitui Central NG-CDF focuses 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

- Kitui Central Constituency is affected by climate change, erratic rainfall patterns, reduction of water quantity and quality, flooding, siltation of rivers, and dams, rising temperatures and frequent disease outbreaks are some of the effects of climate change in the Kitui Central constituency.
- This year we constructed four sand dams in four rivers to prevent flooding
- We also organized sports tournament whereby the youth were sensitized on the drug abuse matters and environmental conservation matters

3. Employee welfare

We invest in providing the best working environment for our employees. Employment Act, NGCDF Act, guides Kitui Central constituency recruitment 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. Kitui Central 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-

Kitui Central 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-

Kitui Central 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.

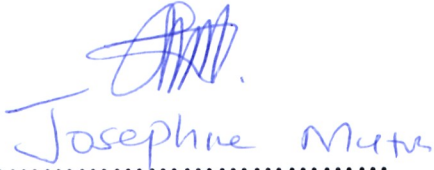
The NG CDFC during bursary programme, engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

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.

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



Josephine Muta

.....
Name
FAM

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-Kitui Central 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.

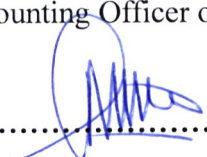
The Accounting Officer in charge of the NGCDF-Kitui Central Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting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

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The Accounting Officer in charge of the NGCDF Kitui Central 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- Kitui Central Constituency financial statements were approved and signed by the Accounting Officer on 4/5/2023



.....
Name: Justus Mumo

Chairman – NGCDF Committee



.....
Name: Josephine Mutua

Finance Account Manager

REPUBLIC OF KENYA

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Enhancing Accountability

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund- Kitui Central Constituency set out on pages 1 to 36

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund- Kitui Central Constituency as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the 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 Qualified Opinion

1. Inaccuracies in Statement of Receipts and Payments

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects use of goods and services amounting to Kshs.10,250,586 which includes bank charges amount of Kshs.68,833. However, the total of payments made in the bank not yet recorded in the cash books (bank charges) for all the twelve (12) bank accounts as per bank reconciliation statements amounted to Kshs.304,087 resulting to an unexplained variance of Kshs.235,254. Further, the statement reflects committee expenses and allowances amounting to Kshs.6,818,060. However, the monthly expenditure returns and general ledger reflected an amount of Kshs.7,235,500 resulting to an unexplained variance of 417,440.

In the circumstances, the accuracy and completeness of the above balances could not be confirmed.

2. Inaccuracy in Retention Money

The statement of assets and liabilities and as disclosed in Note 12(A) to the financial statements reflects a nil closing retention balance as at 30 June, 2022. However, review of the Fund's disbursement of Kshs.2,000,000 to the project management committee (PMC) for Kavuta Primary School revealed that the first payment certificate dated 19 May, 2022 reflected Kshs.130,000 retention monies to be held for the 6-month period had not lapsed. Similarly, the second payment certificate dated 23 June, 2022 reflected Kshs.155,000 as retention monies.

In the circumstances, accuracy and completeness of the Nil balance on retention money could not be confirmed.

3. Inaccuracies in Bursary Disbursements

The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers amounting to Kshs.79,378,708 which

includes an amount of Kshs.53,878,500 and Kshs.7,170,000 paid to secondary schools and tertiary institutions respectively. However, the bursary beneficiaries list reflected amount totalling to Kshs.47,737,000 and Kshs.119,000 for secondary schools and tertiary institutions respectively resulting to an unexplained variance of Kshs.6,141,500 and Kshs.7,051,000 respectively.

In the circumstances, the accuracy and completeness of other grants and transfers amounting to Kshs.79,378,708 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Procurement of Primary and Secondary School Projects

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects Kshs.87,000,000 under transfers to other government units. However, audit verification of documents in support of the expenditure revealed the following anomalies;

1.1 Kavuta Primary School

During the year under review, the Fund disbursed a total of Kshs.2,000,000 to the project management committee (PMC) of Kavuta Primary School that had engaged a contractor for the rehabilitation of eleven classrooms. However, the expenditure was not supported with evidence of the appointment process of tender opening and awarding committee members, appointment letters and PMC meeting minutes. Further, there was no communication or notification of results of the award process made to unsuccessful

bidders. In addition, no professional opinion was issued by the Sub County supply chain management officer upon the results of the tender awarding process.

1.2 Patrick's Ithimani Secondary School

During the year under review, the Fund disbursed a total of Kshs.3,000,000 to the project management committee (PMC) of St. Patrick's Ithimani Secondary school who engaged a contractor for the construction of a science laboratory to completion. However, there were no PMC minutes and appointment letters showing evidence of the appointment process of tender opening and tender awarding committee members. There was also no professional opinion issued by the Sub County supply chain management officer upon the results of the tender awarding process.

This is contrary to Regulation 15(1) of the National Government Constituencies Development Fund Regulations, 2016 which states that there shall be appointed a project management committee for each project in a Constituency in accordance with section 36 of the Act which shall implement projects in consultation with the relevant departments of government, maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented, prepare returns and file them with a Constituency Committee on a timely basis and account for funds to a Constituency Committee.

In the circumstances, the Management was in breach of the law and the value for money spent on the projects could not be confirmed.

2. Lack of an Approved Annual Procurement Plan

During the year under review, the Fund Management did not prepare a procurement plan that contains a detailed breakdown of goods and services or works required by the Fund, including their estimated costs and deliverables for implementation and the appropriate procurement method for each item. This is contrary to Section 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

3. Irregular Expenditure on Committee Expenses

Note 5 to the financial statements reflects committee expenses amount of Kshs.6,818,060. However, review of accounts records and payment vouchers revealed that the constituency committee had a total of six sub committees. This is contrary to Regulation 7(6) of the National Government Constituencies Development Fund Regulations, 2016 that requires the constituency committee to establish two sub committees necessary for the proper performance of its functions in accordance with the guidelines issued by the Board. Further, the performance contract provided between the Board and constituency committee did not provide guidance on subcommittees of constituency committees, their formulation and their mandate. In addition, the performance contract was not signed by the constituency committee and was therefore not binding.

- In the circumstances, the Management was in breach of the law and the value for money spent on committee expenses of Kshs.6,818,060 could not be confirmed.

4. Unsatisfactory Projects Implementation

4.1 Kitui Prisons Staff Houses

The Fund Management awarded a contract for completion of prison staff houses at a contract sum of Kshs.600,000. However, physical verification of the project done in March, 2023 revealed that four (4) incomplete houses constructed were not in use although Project Implementation Status (PIS) report shows the houses are complete. Bill of quantities specified a total of four size 10 windows but only three windows had been installed. Plastering, painting and flooring were yet to be done despite them having been budgeted for in the approved code list and wiring and finishing had also not been done.

4.2 Muslim Primary

The Fund Management awarded a contract for completion of four classrooms at a contract sum of 6,000,000. However, physical verification of the project done in March, 2023 revealed there were major cracks on the wall due to poor workmanship.

4.3 Tungutu Chief's Office

The Fund Management awarded a contract for construction of a pit latrine at a contract sum of Kshs.100,000. However, physical verification of the project done in March, 2023 revealed that the pit latrine constructed was incomplete with more funds required for plastering, painting and flooring.

In the circumstances, the value for money of Kshs.6,700,000 incurred on the above projects could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 appropriate of accounting unless the unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the entity 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 Fund's policies and procedures may deteriorate.


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

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

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

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

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


CPA Nancy Gatironga, CBS
AUDITOR-GENERAL

Nairobi

22 June, 2023


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

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


	Note	2021 – 2022	2020- 2021
		Kshs	Kshs
Receipts			
Transfers From NGCDF Board	1	181,277,758	162,267,724
Proceeds From Sale of Assets	2	-	14,000
Other Receipts	3	=	=
Total Receipts		181,277,758	162,281,724
Payments			
Compensation Of Employees	4	2,915,600	4,588,980
Use Of Goods and Services	5	10,250,586	9,689,403
Transfers To Other Government Units	6	87,000,000	104,700,000
Other Grants and Transfers	7	79,378,708	30,973,354
Acquisition Of Assets	8	1,168,120	3,001,169
Other Payments	9	=	=
Total Payments		180,713,014	152,952,906
Surplus/(Deficit)		<u>564,744</u>	<u>9,328,818</u>

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


The Constituency financial statements were approved on 7/5/2022 and signed by:



Fund Account Manager



National Sub-County
Accountant



Chairman NG-CDF
Committee

Name: Josephine Mutua

Name: Joseph Keli
ICPAK M/No:5511

Name: Justus Mumo


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

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

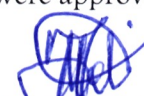
	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	10A	10,231,543	9,666,799
Cash Balances (Cash at Hand)	10B	-	-
Total Cash and Cash Equivalents		10,231,543	9,666,799
Accounts Receivable			
Outstanding Imprests	11	-	-
Total Financial Assets		10,231,543	9,666,799
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	12A	-	241,168
Gratuity	12B	-	
Total Financial Liabilities			241,168
Net Financial Assets		<u>10,231,543</u>	9,425,631
Represented By			
Fund Balance B/Fwd	13	9,666,799	337,981
Prior Year Adjustments	14		
Surplus/Deficit for The Year		564,744	9,328,818
Net Financial Position		<u>10,231,543</u>	<u>9,666,799</u>

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


The Constituency financial statements were approved on 4/5/2023 and signed by:



Fund Account Manager



National Sub-County Accountant



Chairman NG-CDF Committee

Name: Josephine Mutua

Name: Joseph Keli
 ICPAK M/No:5511

Name: Justus Mumo

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

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

	Notes	2021 - 2022	2020 - 2021
		Kshs	Kshs
Receipts From Operating Activities			
Transfers From NGCDF Board	1	181,277,758	162,267,724
Other Receipts	3	-	-
Total Receipts		181,277,758	162,267,724
Payments			
Compensation Of Employees	4	2,915,600	4,588,980
Use Of Goods and Services	5	10,250,586	9,689,403
Transfers To Other Government Units	6	87,000,000	104,700,000
Other Grants and Transfers	7	79,378,708	30,973,354
Other Payments	9		-
Total Payments		179,544,894	149,951,737
Total Receipts Less Total Payments		1,732,864	12,315,987
Adjusted For:			
Decrease/(Increase) In Accounts Receivable	15	-	-
Increase/(Decrease) In Accounts Payable	16	(241,168)	(58,832)
Prior Year Adjustments	14	-	-
Net Cash Flow from Operating Activities		1,491,696	12,257,155
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	-	14,000
Acquisition Of Assets	8	(1,168,120)	(3,001,169)
Net Cash Flows from Investing Activities		(1,168,120)	(2,987,169)
Net Increase In Cash And Cash Equivalent		323,576	9,328,818
Cash & Cash Equivalent At Start Of The Year	10	9,666,799	337,981
Cash & Cash Equivalent At End Of The Year	10	<u>9,990,375</u>	<u>9,666,799</u>

***Kitui Central Constituency
National Government Constituencies Development Fund (NGCDF)
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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved on 4/15 2022 and signed by:



Fund Account Manager

Name: Josephine Mutua



**National Sub-County
Accountant**

**Name: Joseph Keli
ICPAK M/No:5511**



**Chairman NG-CDF
Committee**

Name: Justus Mumo

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

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

Receipts/Payments	Original Budget		Adjustments		Final Budget c=a+b	Actual on comparable basis d	Budget utilization difference e=c-d	% of Utilization f=d/c %
	a	b	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements				
	2021/2022				2021/2022	30/06/2022		
Receipts			Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From NGCDF Board	137,088,879	9,666,799	9,666,799	44,188,879	190,944,557	181,277,758	9,666,799	95%
Proceeds From Sale of Assets								
Other Receipts								
Totals	137,088,879	9,666,799	9,666,799	44,188,879	190,944,557	181,277,758	9,666,799	
Payments								
Compensation Of Employees	4,623,200	234,000	234,000	23,200	4,880,400	2,915,600	1,964,800	60%
Use Of Goods and Services	7,714,799	2,300,000	2,300,000	2,405,798	12,420,597	10,250,586	2,170,011	83%
Transfers To Other Government Units	64,400,000	-	-	22,600,000	87,000,000	87,000,000	0	100%
Other Grants and Transfers	60,350,880	7,118,799	7,118,799	17,991,761	85,461,440	79,378,708	6,082,732	93%
Acquisition Of Assets	-	-	-	1,168,120	1,168,120	1,168,120	-	100%
Other Payments	-	-	-	-	-	-	-	
Funds Pending Approval** (AIA)	-	14,000(AIA)	14,000(AIA)	-	14,000	-	14,000	
Totals	137,088,879	9,666,799	9,666,799	44,188,879	190,944,557	180,713,014	10,231,543	95%

Explanatory Notes .

- (a) Funds pending approval are monies collected from sale of old iron sheets not yet allocated to specific projects by the NGCDF Board
- (b) Compensation of employees was at 60% because some allocation was for gratuity which had not been paid
- (c) The under absorption in use of goods was as a result of money meant for day to day office expenses and committee expenses which is a continuous process

**Kitui Central Constituency
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(d) (The changes between the original and final budget are as a result of some funds amounting to Kshs 44,188,879 not received from the NGCDF Board as at the closure of the financial year 2020-2021 which was received during this current year and opening balance of Kshs 9,666,799 respectively).

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	10,231,543
Less undisbursed funds receivable from the Board as at 30 th June 2022	-
	10,231,543
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2021/2022	10,231,543

The Constituency financial statements were approved on 4/1/2022 and signed by:



National Sub-County Accountant

Chairman NG-CDF Committee

Name: Joseph Keli
ICPAK M/No:5511

Name
:Justus Mumo

Josephine Mutua

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

**Kitui Central Constituency
National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget 2021/2022 Kshs	Adjustments		Final Budget 2021/2022 Kshs	Actual on comparable basis 30/06/2022 Kshs	Budget utilization difference Kshs
		Opening Balance (C/Bk) and AIA Kshs	Previous Years' Outstanding Disbursements Kshs			
1.0 Administration and Recurrent						
1.1 Compensation of employees	4,623,200	234,000	23,200	4,880,400	2,915,600	1,964,800
1.2 Committee allowances	2,600,000	1,300,000	880,000	4,780,000	4,480,000	300,000
1.3 Use of goods and services	1,002,132	545,000	2132	1,549,264.	665,424	883,840
2.0 Monitoring and evaluation						
2.1 Capacity building	800,000	-	-	800,000	800,000	0
2.2 Committee allowances	2,000,000	200,000	600,000	2,800,000	2,405,500	394,500
2.3 Use of goods and services	1,312,666.	235,004	923,666.	2,471,337	1,899,662	571,675
3.0 Emergency						
3.1 Primary Schools	5,192,207.00	1,000,000	929,079	7,121,286	3,817,080	3,304,206
3.2 Secondary schools	1,000,000	181,295	767,838	1,949,133	452,000	1,497,133
3.3 Security	1,000,000	0	0	1,000,000	530,000	470,000
3.4 Security projects						
4.0 Bursary and Social Security						
4.1 Primary Schools	0					
4.2 Secondary Schools	44,981,108	703,500	8,382,288	54,066,896	53,878,500.00	188,396
4.3 Tertiary Institutions	500,000		170,000	670,000	670,000.00	0

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

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
4.4 Universities	1,500,000	354,000	5,000,000	6,500,000	6,500,000	0
4.5 Social Security	996,000			1,350,000	708,000	642,000
5.0 Sports	2,339,788		2,741,778	5,081,566	5,081,350	215
5.1						
5.2						
6.0 Environment						
6.1Kauzi River Sand Dam	561,778.00	0	778	562,556	561,778	778
6.2 Iluka River Sand Dam	560,000.00	0	0	560,000	560,000	0
6.3Kavuvoni River Sand Dam	560,000.00	0	0	560,000	560,000	0
6.4Kwa Ndungo River Sand Dam	560,000.00	0	0	560,000.00	560,000.00	0
7.0 Primary Schools Projects (List all the Projects)						
7.1Kalawa Primary Schoo	1,800,000	0	0	1,800,000	1,800,000	0
7.2Kitumui Primary School	1,700,000	0	0	1,700,000	1,700,000	0
7.3Kitui School for the mentally handicapped	1,500,000	0	0	1,500,000	1,500,000	0
7.1Central Primary School	6,900,000	0	0	6,900,000	6,900,000	0
7.2Muslim Primary School	900,000	0	6,000,000	6,900,000	6,900,000	0
7.3Ng'ini Primary School	1,000,000	0	0	1,000,000	1,000,000	0
7.4Kamuti Primary School	1,500,000	0	0	1,500,000	1,500,000	0
7.5 Kyangunga Primary School	1,500,000	0	0	1,500,000	1,500,000	0

**Kitui Central Constituency
National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
7.6 Syilumani Primary School	1,300,000	0	0	1,300,000	1,300,000	0
7.7 Ndetani Primary School	1,500,000			1,500,000	1,500,000	
7.8 Ivuku Primary School	1,700,000			1,700,000	1,700,000	
7.9 Musyau Primary School	1,300,000			1,300,000	1,300,000	
8.0 Yumbisye Primary School	1,800,000			1,800,000	1,800,000	
8.1 Nyekini Primary School	1,500,000			1,500,000	1,500,000	
8.2 Kasyala Primary School	1,000,000			1,000,000	1,000,000	
8.3 Kang'au Primary School	500,000			500,000	500,000	
8.4 Kavuvoni Primary School	1,000,000			1,000,000	1,000,000	
8.5 Mulundi Primary School	900,000			900,000	900,000	
8.6 Kwa Kame Primary School	1,200,000			1,200,000	1,200,000	
8.7 Kitui Primary School	1,200,000			1,200,000	1,200,000	
8.8 Ngumbwa Primary School	1,500,000			1,500,000	1,500,000	
8.9 Kituluni Primary School	1,300,000			1,300,000	1,300,000	
9.0 Imale Primary School	1,200,000			1,200,000	1,200,000	
9.1 Kavuta Primary School	2,000,000			2,000,000	2,000,000	
9.2 Isaangwa Primary School	1,000,000			1,000,000	1,000,000	
9.3 Ithookwe Primary School	1,500,000			1,500,000	1,500,000	
9.4 Mulutu Primary School	1,500,000			1,500,000	1,500,000	
9.5 Unyaa Primary School	900,000		6,000,000	6,900,000	6,900,000	

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

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/BK) and AIA	Previous Years' Outstanding Disbursements			
9.6 Mutukya Primary School	1,200,000			1,200,000	1,200,000	
9.7 Kitula Primary School	1,000,000			1,000,000	1,000,000	
9.8 Mutulu Primary School	1,000,000	0	0	1,000,000	1,000,000	0
10.0 Ndithini Primary School	1,500,000	0	0	1,500,000	1,500,000	0
10.1 St Andrew's Mwala Primary School	2,000,000	0	0	2,000,000	2,000,000	0
10.2 Malato Primary School	2,000,000	0	0	2,000,000	2,000,000	0
10.3 Ndiani Primary School	2,000,000	0	0	2,000,000	2,000,000	0
Matunguni Primary school			1,500,000	1,500,000	1,500,000	
11.0 Secondary Schools Projects (List all the Projects)						
11.1 St Patrick's Ithimani Secondary School	3,000,000.00	0	0	3,000,000.00	3,000,000.00	0
11.2 Kiviu Secondary School	3,100,000.00	0	0	3,100,000.00	3,100,000.00	0
11.3 St Mary's Miambani Secondary School	1,000,000.00	0	0	1,000,000.00	1,000,000.00	0
11.4 Malili Secondary school		0	3,100,000	3,100,000	3,100,000	0
11.5 Kwa mukasa Secondary school		0	3,000,000	3,000,000	3,000,000	0
11.6 Mbusyani secondary school		0	3,000,000	3,000,000	3,000,000	0
11.7 Vinda Secondary school		3,000,000	0	3,000,000	3,000,000	0
Kavuta secondary school		1,000,000	0	1,000,000	1,000,000	0

**Kitui Central Constituency
National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
12.0 Security Projects (list all projects)						
12.1 Kathungi Chief's Office	1,000,000	0	0	1,000,000	1,000,000	0
12.2 Kitui Prisons Staff Houses	600,000	0	0	600,000	600,000	0
12.3 Unyaa Chief's Office	1,000,000	0	0	1,000,000	1,000,000	0
12.4 Ithiani Chief's Office	1,000,000	0	0	1,000,000	1,000,000	0
12.5 Vinda Assistant Chief's Office	1,000,000	0	0	1,000,000	1,000,000	0
12.6 Utooni Assistant Chiefs office		900,000	0	900,000	900,000	0
13.0 Purchase of furniture and equipment						
13.0 Motorcycles	0	0	1,168,120	1,168,120	1,168,120	0
AIA		14,000	0	14,000	0	14,000
TOTAL	137,088,879	9,666,799	44,188,879	190,944,557	180,713,014	10,231,543

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Significant Accounting Policies continued

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Significant Accounting Policies continued

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

Significant Accounting Policies continued

6. Cash and Cash Equivalents.

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

7. Accounts Receivable

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

8. Accounts Payable

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

Significant Accounting Policies continued

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 10th June 2021 for the period 1st July 2021 to 30th June 2022 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

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

Significant Accounting Policies continued

14. Errors

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

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

15. Related Party Transactions

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

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XII. Notes to the Financial Statements

1. Transfers from NGCDF Board

Description	2021-2022	2020-2021
	Kshs	Kshs
NGCDF Board		
AIE NO	33,000,000.00	18,000,000.00
AIE NO	44,000,000.00	21,000,000.00
AIE NO	24,000,000.00	30,367,724.00
AIE NO	5,000,000.00	9,000,000.00
AIE NO	14,000,000.00	10,000,000.00
AIE NO	15,000,000.00	6,900,000.00
AIE NO	35,088,879.00	13,000,000.00
AIE NO	11,188,879.00	7,000,000.00
		6,000,000.00
		13,000,000.00
		6,000,000.00
		10,000,000.00
		12,000,000.00
TOTAL	181,277,758	162,267,724

2. Proceeds From Sale of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Receipts from Sale of Old iron sheets	0	14,000
Total	0	14,000

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs

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Interest Received	0	0
Rents	0	0
Receipts from sale of tender documents	0	0
Hire of plant/equipment/facilities	0	0
Unutilized funds from PMCs	0	0
Other Receipts Not Classified Elsewhere	0	0
Total	0	0

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Notes To the Financial Statements (Continued)

4. Compensation Of Employees

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,872,400	2,508,110
Personal allowances paid as part of salary		-
House Allowance		-
Transport Allowance		-
Leave allowance		-
Gratuity to contractual employees		1,958,270
Employer Contributions Compulsory national social security schemes	43,200.00	122,600
Total	2,915,600.00	4,588,980

5. Use Of Goods and Services

	2021-2022	2020-2021
	Kshs	Kshs
Electricity	41,088	15,341
Utilities, supplies and services	10,000	285,000
Communication, supplies and services	93,750	61,530
Domestic travel and subsistence	302,400	71,400
Printing, advertising and information supplies & services	143,040	78,050
Water and sewerage services	6,015	7,688
Training expenses	800,000	380,000
Fuel ,oil and lubricants	405,660	322,200
Other committee expenses	3,430,060	3,084,910
Committee allowance	3,388,000	4,162,355
Bank charges	63,833	48,039
Specialized materials and services	-	-
Office and general supplies and services	872,860	440,000
Other operating expenses	525,425	360,000
Routine maintenance – vehicles and other transport equipment	145,975	352,890
Routine maintenance – other assets	22,480	20,000
Total	10,250,586.00	9,689,403.00

Notes To The Financial Statements (Continued)

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6. Transfer To Other Government Units

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	66,800,000.00	72,300,000
Transfers To Secondary Schools (See Attached List)	20,200,000.00	32,400,000
Transfers To Tertiary Institutions (See Attached List)	-	-
Total	87,000,000	104,700,000

7. Other Grants and Other transfers

	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	53,878,500.00	90,000
Bursary – tertiary institutions (see attached list)	7,170,000.00	-
Bursary – special schools (see attached list)	-	-
Social Security programmes (NHIF)	708,000.00	708,000
Security projects (see attached list)	5,500,000.00	7,000,000
Sports projects (see attached list)	5,081,350.00	2,747,000
Environment projects (see attached list)	2,241,778.00	5,488,354
Emergency projects (see attached list)	4,799,080.00	7,440,000
Others(Rural Electrification Authority)	-	7,500,000
Total	79,378,708.00	30,973,354

8. Acquisition Of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	2,411,679
Purchase of Vehicles and Other Transport Equipment	1,168,120.00	-
Purchase of Household Furniture and Institutional Equipment	-	500,000
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	89,490

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Purchase of Specialized Plant, Equipment and Machinery	-	-
Acquisition of Land	-	-
Total	1,168,120	3,001,169

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)	10,231,543	9,666,799
<i>National Bank of Kenya ,Kitui Central CDF Account - 01001052093400</i>		
Total	10,231,543	9,666,799
10 B: Cash on Hand		
Location 1		
Location 2		
Location 3		
Other Locations (<i>Specify</i>)		
Total	10,231,543	9,666,799

11: Outstanding Imprests

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

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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		-	-	-

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

Notes to the Financial Statement Continued

12A. Retention

	2021-2022	2020-2021
	KShs	KShs
Retention as at 1 st July (A)	241,168.00	300,000
Retention held during the year (B)	-	241,168
Retention paid during the Year (C)	241,168.00	300,000
Closing Retention as at 30 th June D= A+B-C	-	241,168

[Provide short appropriate explanations as necessary.]

12B. Gratuity

[Provide short appropriate explanations as necessary]

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

13. Balances Brought Forward

	2021-2022 (1 st July 2021)	2020-2021 (1 st July 2020)
	Kshs	Kshs
Bank accounts	9,666,799	337,981
Cash in hand	-	-

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Imprest	-	-
Total	9,666,799	337,981

[Provide short appropriate explanations as necessary]

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	337,981	-	9,666,799
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (specify)	-	-	-
Total	337,981	-	9,666,799

** 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 1 st July (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
closing accounts in account receivables D= A+B-C	-	-
Changes in Account Receivables E= D-A	-	-

16. Changes in Accounts Payable – Deposits and Retentions

	2021 – 2022 KShs	2020 – 2021 KShs
Deposit and Retentions as at 1 st July (A)	241,168	300,000
Deposit and Retentions held during the year (B)	0	241,168
Deposit and Retentions paid during the Year (C)	241,168	300,000

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closing account payables $D = A + B - C$	0	241,168
Changes in Accounts Payable $E = D - E$	0	(58,832)

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	-	-

Notes to the Financial Statements (Continued)

17. Other Important Disclosures

17.2: Pending Staff Payables (See Annex 2)

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

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	1,964,800	905,322.76
Use of goods and services	2,170,011	1,523,675.38
Amounts due to other Government entities (see attached list)	0	22,600,000
Amounts due to other grants and other transfers (see attached list)	6,082,732	19,159,880.17
Acquisition of assets		-
Funds pending approval(AIA)	14,000	-
Total	10,231,543	44,188,879

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17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	6,939,832	7,474,810
Total	6,939,832	7,474,810

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Annexes
Annexes: 1 Analysis of Pending Accounts Payable

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

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Annex 2 - Analysis of Pending Staff Payables

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

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		1,964,800	905,322.76	Project on going
Use of goods & services		2,170,011	1,523,675.38	Project on going
Amounts due to other Government entities				
Matunguni Primary school	Rehabilitation of school		1,500,000	Awaiting funds disbursement
Muslim primary school	Construction of 4 classrooms (storey)		6,000,000	Awaiting funds disbursement
Unyaa primary school	Construction of 4 classrooms (storey)		6,000,000	Awaiting funds disbursement
Kwa Mukasa Secondary school	Construction of a science laboratory		3,000,000	Awaiting funds disbursement
Malili mixed secondary school	Construction of a science laboratory		3,100,000	Awaiting funds disbursement
Mbusyani secondary school	Construction of a science laboratory		3,000,000	Awaiting funds disbursement
Amounts due to other grants and transfers				
	6.1Nzeu River sand sports		777.89	Awaiting funds disbursement
			2,741,778	Awaiting funds disbursement
Social security benefits	Paying NHIF	900,000	900,000	Project is on going/ Awaiting funds disbursement
Emergency	For unforeseen events	4,782,732	1,842,206.90	Project is on going /Awaiting funds disbursement
Bursary	Payment of bursaries to the needy	400,000	12,652,288.09	Project is on going /Awaiting funds disbursement
	ACQUISITION OF ASSET			

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Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
	motorcycles		1,022,830	Awaiting funds disbursement
AIA	Purchase of two motorcycles	14,000		Awaiting approval to allocate to projects
TOTAL		10,231,543	44,188,876	

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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	11,711,679			11,711,679
Transport equipment	8,947,000	1,168,120		10,115,120
Office equipment, furniture and fittings	1,771,076			1,771,076
ICT Equipment, Software and Other ICT Assets	1,207,531			1,207,531
Other Machinery and Equipment	600,000			600,000
Heritage and cultural assets				
Intangible assets				
Total	24,237,286	1,168,120		25,405,406

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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Maviani primary school	Sidian	01017030000805		43,565
Wii secondary school	Sidian	01017030000705		74,745
Mbusyani Primary school	Sidian	01017030000595		83,245
Mutendea Primary School	Sidian	01017030000215		447
AIC Ngungi Primary School	Sidian	01017030000375		5,135
Katythoka Primary School	Sidian	01017030000415		355
Kamandio Primary School	Sidian	01017030000405		11,785
St Stephen Mutulukuni Sec School	Sidian	01017030000385		17,855
ST Marys Kavalo sec school	Sidian	01017030001293		3,000,025
Kwa Ngindu Secondary school	Sidian	01017030001323		1,933,585
Malungu Secondary school	Sidian	01017030001403		466,155
Kwa Nzou Primary school	Sidian	01017030000695		150,295
Isaangwa Primary school	Sidian	01017030001433		500,023
Makaani assistant chief	Sidian	01017030001273		43,485
Kituluni Primary school	Sidian	01017030001213		478,255
Kwa Kunuwwa Primary school	Sidian	01017030001413		665,855
Central Primary school	Sidian	01017030001733	2,525,634	

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PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Kavuvoni Primary School	Sidian	01017030000265	48,778	
Kiviu Secondary school	Sidian	01017030001923	10	
Unyaa Assistant Chiefs office	Sidian	01017030001653	425	
St Andrews Mwala Primary school	Sidian	01017030001913	2,000,000	
Ndiani Primary school	Sidian	01017030001813	98,615	
Kitui Prisons Staff Houses	Sidian	01017030001183	166,245	
Vinda Assistant Chiefs Office	Sidian	01017030001843	359,455	
Kathungi Chiefs Office	Sidian	01017030001633	49,135	
Ithookwe Primary School	Sidian	01017030000505	1,500,535	
Kavuta Primary school	Sidian	01017030001693	191,000	
Total			6,939,832	7,474,810

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Annex 6: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
EH/AUD/NG-CDF/KITUI C./2019-2020/13	47 projects worth 51,511,00 not implemented	The funds amounting to Kshs 54,000,000 had nt been received from the NGCDF Board as at the closure of the financial year	Funds received and project implemented to completion	Resolved.
EH/AUD/NG-CDF/KITUI C./2019-2020/13	At Mutulukuni Secondary school five flush doors worth Kshs.25,000 and window seals for 15 windows of Kshs.7,500 were not done. It was also noted that the drainage system for the bathrooms was poorly done as it had only one outlet leading to pooling of water in the bathroom.	The defects were made good	resolved	Resolved
EH/AUD/NG-CDF/KITUI C./2019-2020/13	There were anomalies at Kamandio primary school	The defects were rectified	resolved	resolved

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..... Name *Joseph Mutsaers*
Fund Account Manager.