

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
DATE: 21 JUN 2023 WED
TABLED BY: Hon. Kimani Ichungwale, MP leader, majority
OF THE TABLE: Friday MURUKI

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – TIGANIA EAST CONSTITUENCY**

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

Revised Template 30th June 2022



TIGANIA EAST CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2022

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

Table of Contents

	Page
I. Key Constituency Information and Management	ii
II. NG-CDFC Chairman's Report	vi
III. Statement Of Performance Against Predetermined Objectives for FY2021/22	ix
IV. Environmental and Sustainability Reporting	xii
V. Statement Of Management Responsibilities	xvi
VI. Report Of the Independent Auditors On The NGCDF- xxx Constituency	xviii
VII. Statement Of Receipts and Payments for the Year Ended 30th June 2022	1
VIII. Statement Of Assets and Liabilities As At 30 th June, 2022.....	2
IX. Statement Of Cash Flows for The Year Ended 30th June 2022	3
X. Summary Statement of Appropriation for The Year Ended 30 th June 2022	4
X. Budget Execution By Sectors And Projects For The Year Ended 30 th June 2022	6
XI. Significant Accounting Policies.....	17
XII. Notes To the Financial Statements	23

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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;

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

- 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 Tigania East Constituency NGCDF day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)

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

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:

1.	A.I.E holder	Stephen Maina
2.	Sub-County Accountant	Paul Odera
3.	Chairman NGCDFC	David Muriera
4.	Member NGCDFC	Fridah Nkatha

(d) Fiduciary Oversight Arrangements

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

P.O. Box 17-60605

Muriri, Meru

(f) Tigania East Constituency NGCDF Contacts

Telephone: (254) 0709894000

E-mail: cdftiganiaeast.go.ke

Website: www.go.ke

(g) Tigania East Constituency NGCDF Bankers

01120378126000

Co-operative Bank

Makutano

P.o Box 1328

Meru

(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

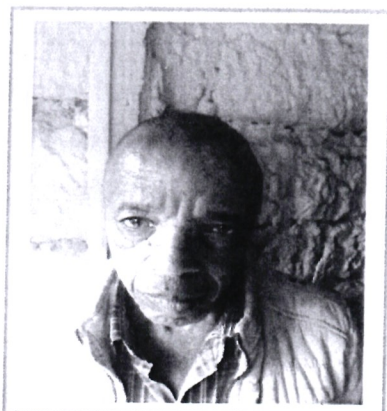
Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

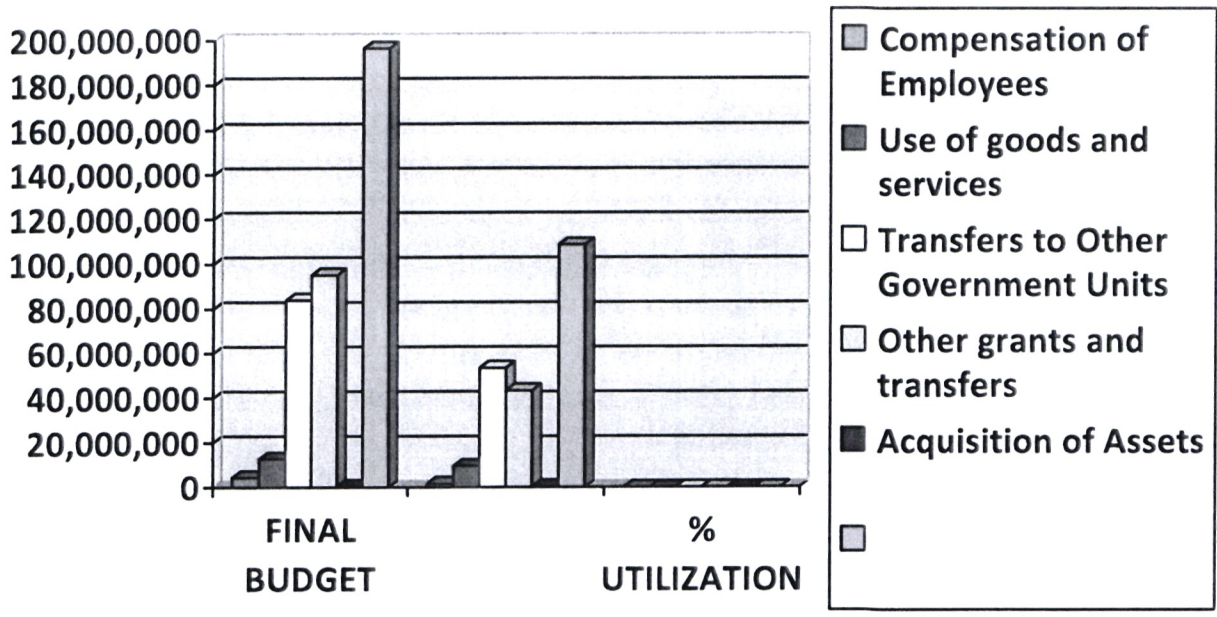
II. NG-CDFC CHAIRMAN'S REPORT



The table below shows the percentage of funds utilized against the total budget for each expense item.

The overall absorption of the available funds was however impressive since out of the total funds of ksh 120M received during the year, and the balance brought forward from last year of ksh 95M both totalling to ksh 215M, 188M was utilized during the year under review. This translates to 81% absorption rate. The constituency has also undertaken a drastic improvement in the projects constructed as the constituency is now constructing classes that have tiles.

EXPENSE ITEM	FINAL BUDGET	ACTUAL	% UTILIZATION
Compensation of Employees	5,829,117	3,515,840	60.3%
Use of goods and services	14,941,057	11,509,433	82.1%
Transfers to Other Government Units	105,052,681	81,350,000	77.4%
Other grants and transfers	106,511,930	91,274,227	85.7%
Acquisition of Assets		751,420	
	232,334,785	188,400,920	81.1%



**Successful projects photos
Maburwa secondary**



Kamithega Secondary



Among the emerging issues negatively affecting the fund during the year under review were the emergence of the deadly *Corona virus* pandemic in the middle of the year which has wreaked havoc on all key activities of the fund. Meetings, sporting activities and all institutions of learning were closed indefinitely just as the committee was processing bursaries for both secondary and tertiary institutions. The reopening of the same remains uncertain as the pandemic was worsening at the closure of the financial year.

The fund will continue supporting the pandemic containment measures to the extent allowable under the NG-CDF Act.

Tigania East constituency is a vast constituency comprising of two sub counties. This has been a major challenge especially trying to access the projects as the roads are also impassable. However the NG CDF Board has approved a few roads leading to the schools which have largely assisted the constituency and the schools in general. An example of such a road is Kangethia Mukorone Primary school access road that had been a challenge but now a passable road.

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

Other challenges include inadequate resources due to the vast nature of the constituency and high number of projects proposed by the constituents in its and forums and the strategic plan. Due to this the constituency has not been in a position to achieve its strategic goals and objectives fully.



Signature

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 *Tigania East Constituency 2018-2022* plan are to:

1. Up lift the standard of living of the people of Tigania East through
 - a) Constructing and renovating of public primary and secondary schools
 - b) Constructing and renovating security projects including chiefs offices and police posts
 - c) Enhancing talents in the constituency by carrying out sports tournaments and awarding the winning teams with trophies and sports uniforms
 - d) Enhancing better environment by carrying out constituency environmental projects that include buying of tanks and gutters in different public and primary schools

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	- In the year 21/22 the constituency has been able to construct 17 classrooms in primary and 10 classrooms in secondary	In FY 21/22 -the number of renovated and newly constructed classrooms in primary schools increased from 15 to 17 classrooms - Bursary beneficiaries at all levels were as per the attached schedules

Tigania East Constituency

National Government Constituencies Development Fund (NGCDF)

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

			<p>y instituti ons.</p> <p>- The total number of students who have benefitted from bursary from secondary, tertiary and vocational colleges were more than six thousand</p>	
Security	To have all our security personnel including chiefs and assistant chiefs in comfortable housing	Enhanced security as the security men will be in good housing conditions	The number of security projects in this financial year including chiefs camps totalled to 12	The constituency increased security projects from 8 to 12
Environment	Enhancing better environment by carrying out constituency environmental projects that include buying of tanks and gutters in different public and primary schools	Enhanced better environment	The constituency has constructed tank bases and installed gutters in 12 public schools	The constituency has implemented purchase of tanks and gutters to 12 primary schools
Sports	Enhancing talents in the constituency by carrying out sports tournaments and awarding the winning teams with trophies and sports uniforms	Enhanced talents	Through the help of FKF officials the constituency has implemented a sports tournament and bought sports uniforms and balls to all the	Through the help of FKF officials the constituency has implemented a sports tournament and bought sports uniforms and balls to all the

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

			teams	teams
Emergency	To cater for unforeseen occurrences in the constituency	Enhanced better infrastructure	Construction of 9 fallen toilets in the constituency	The constituency has constructed 9 toilets while previous year was none

IV. Environmental and Sustainability Reporting

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

- a. **Education and Training:** Tigania East 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

The constituency has diversified its environment activities to include promotion of rain water harvesting by buying schools tanks and installation of gutters, in addition to increasing forest cover by planting at least 20,000 trees every year. To increase the chances of survival of the trees, the NG-CDFC has continued to consult the environmental experts in the forestry department to ensure the right tree varieties have been planted in accordance with the climatic conditions in the beneficiary institutions.

Tigania east constituency carried out construction of tank bases, purchase of tanks and gutters as its environmental activity. Through the sporting activities carried out in the constituency during the financial year the environmental team sensitized the community on the importance of forest conservation through tree planting and water harvesting. The NG CDFC in its performance contract has set a target of ensuring that they sensitize the community on proper methods of farming crop and animal husbandry of all NG CDFC supported projects.

3. Employee welfare

We invest in providing the best working environment for our employees. Tigania East 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. Tigania East constituency invests in capacity

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

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-

Tigania East 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-

Tigania East 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.

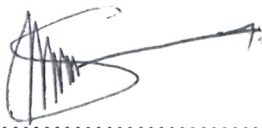
Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

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.

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



.....
Stephen Maina

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-Tigania East 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-Tigania East 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- Tigania East 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.

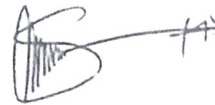
The Accounting Officer in charge of the NGCDF Tigania East Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used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



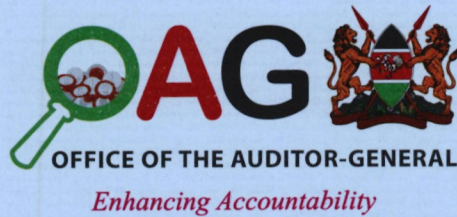
.....
Name: David Muriera
Chairman – NGCDF Committee



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Name: Stephen Kinyingi
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REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - TIGANIA EAST 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 - Tigania East Constituency set out on pages 1 to 55, which comprise the statement of assets and liabilities as at 30 June, 2022, and the

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

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 - Tigania East 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 Qualified Opinion

1. Variances in Transfers from the Board

The statement of receipts and payments and as disclosed in Note 1 to the financial statements reflects transfers from the NGCDF Board amount of Kshs.160,188,879. However, the disbursement schedule from the National Government Constituencies Development Fund Board reflects transfers from the Board of Kshs.165,277,758 resulting to unexplained and unreconciled variance of Kshs.5,088,879.

In the circumstances, the accuracy of the transfers from the Board of Kshs.160,188,879 could not be confirmed.

2. Bank Balances - Stale Cheques

The statement of assets and liabilities and as disclosed in Note 10A to the financial statements reflects bank account balance of Kshs.27,084,986. Review of the bank reconciliation statement revealed stale cheques amounting to Kshs.131,409 that had not been reversed in the cashbook. This is contrary to Section 90 (3) of Public Finance Management (National Government) Regulations, 2015 which states that Accounting Officers shall ensure any discrepancies noted during bank reconciliation exercise, are investigated immediately and appropriate action taken including updating the relevant cash books.

In the circumstances, the accuracy, reliability and completeness of bank balance of Kshs.27,084,986 could not be confirmed.

3. Unsupported Retention

The statement of assets and liabilities and as disclosed in Note 12A to the financial statements reflects retention balance of Kshs.240,000 which was not supported with a schedule detailing breakdown of amounts relating to each project.

In the circumstance, the accuracy and completeness of retention balance of Kshs.240,000 could not be confirmed.

4. Gratuity Payable

4.1 Undisclosed Gratuity Payable

Note 12B to the financial statements reflects a Nil balance on gratuity. Review of employee records revealed the Fund had nine (9) staff who were on contract. Although Management indicates all the gratuity had been paid, records reviewed revealed gratuity paid of Kshs.523,200 as reflected in Note 4 to the financial statements related to the period ended 31 December, 2021 but gratuity for the six (6) months from January, 2022 to June, 2022 was not disclosed as it had not been paid. The Fund therefore contravened the requirement of the Public Sector Accounting Standards Board reporting template which requires disclosure of gratuity as at 1 July, gratuity held during the year, gratuity paid during the year and closing gratuity as at 30 June, 2022.

Further, review of June, 2022 payroll revealed provision for gratuity was not made on a monthly basis contrary to Paragraph 11(b) of NG-CDFB/CEO/BOARD CIRCULARS Vol II (030) dated 26 August, 2021 which states that NG-CDF Committees are required to make a budgetary provision for monthly staff gratuity for employees employed on contract terms. This should be provided for separately from the provision for monthly salaries and other remunerative allowances.

In the circumstance, the accuracy, reliability and completeness of Nil gratuity balance could not be confirmed.

4.2. Unsupported Expenditure on Gratuity Paid to Contractual Employees

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects compensation of employees amount of Kshs.3,515,840 which include Kshs.523,200 expenditures on gratuity to contractual employees. The amount was paid through payment voucher number 186 dated 25 February, 2022 which includes gratuity and PAYE paid to eight (8) employees. However, the schedule provided on payment of gratuity does not indicate basic salary contrary to the Kenya Gazette Vol. CXIX—No. 89 dated 7 July, 2017 Gazette Notice No.6516 which states that officers serving or appointed to a fixed term of office shall be paid a service gratuity at the rate of 31% of the basic remuneration package for the term served.

In the circumstance, the accuracy, completeness and reliability of gratuity paid of Kshs.523,200 could not be confirmed.

5. Unsupported Project Management Committee (PMC) Bank Balances

Note 17.4 and Annex 5 to the financial statements reflects PMC bank account balances of Kshs.10,266,443 held in seventy-six (76) Project Management Committees bank accounts. However, the relevant cash books, bank confirmation certificates and bank reconciliation statements supporting the balances were not provided for audit verification contrary to Section 100 of Public Finance Management (National Government) Regulations, 2015.

In the circumstance, the accuracy and completeness of the PMC bank account balances of Kshs.10,266,443 could not be confirmed.

6. Unsupported Expenditure on Bursaries

The statement of receipt and payments and as disclosed in Note 7 to the financial statements reflects other grants and other transfers amount of Kshs.91,274,227 which include bursaries totalling Kshs.58,120,669 comprising of Kshs.24,633,600 and Kshs.33,487,069 disbursed to secondary schools and tertiary institutions respectively.

However, the expenditure was not supported with Bursary Committee minutes, vetting and categorizing students awarded contrary to requirements of CDF Board Circulars Ref: CDF BOARD CIRCULAR /VOL1/III dated 13 September, 2010 on guidelines for disbursement of Constituency Development Fund which states terms of reference for Bursary Committee includes issue of bursary applications, vetting, identifying and categorizing needy students using established criteria, decide on awards in accordance with guidelines, verify bursary cheques, compile reports, keep proper records and list beneficiaries in identified notice boards. No report was provided identifying, vetting and categorizing needy students.

Further, out of the Kshs.58,120,669 bursaries disbursed during the year, only Kshs.55,540,156 or 96% were acknowledged by the beneficiary schools and institutions leaving a balance of Kshs.2,580,513 or 4% unacknowledged.

In the circumstances, the accuracy and validity of expenditure of Kshs.58,120,669 on bursaries 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 - Tigania East Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual receipts of Kshs.232,334,785 and Kshs.215,245,906 respectively resulting to revenue shortfall of Kshs.17,088,879 or 7% of the budget.

Similarly, the statement reflects final expenditure budget and actual expenditure of Kshs.232,334,785 and Kshs.188,400,920 respectively resulting to an under expenditure of Kshs.43,933,865 or 19% of the budget.

Further, the statement and budget execution by sectors and projects reflects acquisition of assets actual expenditure of Kshs.751,420 and Nil final budget resulting to unauthorized expenditure of Kshs.751,420.

In the circumstances, the underfunding and under expenditure affected planned activities and may have impacted negatively on service delivery to the public. In addition, the Fund incurred expenditure of Kshs.751,420 without authorization.

2. Unresolved Prior Year Matter

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance which have not been resolved contrary to Section 68 (2) (I) of Public Finance Management Act, 2012 which require Accounting Officers designated for national government entities to take appropriate measures to resolve any issues arising from audit which may remain outstanding.

In the circumstances, the prior year audit issues remained unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Project Implementation

1.1. Project Under-Funding

During the year, the Fund was allocated Kshs.137,088,879. However, review of the Constituency project proposal for the financial year 2021/2022 and Constituency Development Fund Committee minutes dated 15 September, 2021 revealed nine (9) projects were under funded and therefore project completion might take more than three years. This is contrary to Section 11(1) (j) of the National Government Constituencies Development Fund Regulations, 2016 which states the Constituency Development Fund Committee shall ensure that all projects receive adequate funding and are completed within three years.

Further, the approved code list for 2022/2023 financial year was not provided to confirm whether funding was allocated in 2022/2023 financial year to fund the underfunded projects.

In the circumstances, under funding of projects delays the benefits that would have accrued from their completion. In addition, the Fund was in breach of the law.

1.2. Delay in Project Implementation and Stalled Project

Review of the project implementation status report provided revealed a total of one hundred (100) approved projects allocated a total of Kshs.101,611,681 have not been completed out of which forty-three (43) are on-going worth Kshs.40,100,000, fifty-six (56) have not been started worth Kshs.60,661,681 and one (1) project allocated Kshs.850,000 which has stalled.

Further, it was noted that ten (10) projects approved in 2017/2018 financial year and allocated Kshs.9,100,000 have been ongoing for more than three years contrary to Section 11(1) (j) of the National Government Constituencies Development Fund Regulations, 2016.

In addition, one (1) project which was started in 2018/2019 financial year for Gatithine Assistant Chiefs office allocated Kshs.850,000 stalled due to boundary dispute which results in wastage of public funds.

In the circumstances, the value for money for the delayed and stalled project could not confirmed

2. Unsupported Fuel, Oil and Lubricants

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects use of goods and services amount of Kshs.11,509,433 which include fuel, oil and lubricants of Kshs.971,312. However, the fuel register provided does not show the balance brought forward and balances carried down. It was not therefore possible to confirm whether all fuel paid was consumed contrary to Section 104(1) of the Public Finance Management (National Government) Regulations, 2015 which states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipts, payment vouchers, appropriate authority and documentation.

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

3. Irregular Payment for Maintenance of Motor Vehicle

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects an amount of Kshs.11,509,433 in respect to use of goods and services which include Kshs.1,069,800 on routine maintenance vehicles and other transport equipment which further includes Kshs.888,400 paid to various suppliers for repairs and maintenance of vehicle. However, quotations, professional opinion, job cards and the post service/repair inspection reports were not provided for audit contrary to Section 104(1) of the Public Finance Management (National Government) Regulation, 2015 and Section 35(3) of Public Procurement and Asset Disposal Regulations, 2020.

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

4. Transfers to Other Government Entities

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfers to other Government units amount of Kshs.81,350,000

comprising of transfers to primary schools of Kshs.52,250,000 and transfers to secondary schools of Kshs.29,100,000. However, the following was noted:

4.1. Transfers to Secondary Schools

4.1.1. Stalled Project and Poor Workmanship in Akaiga Day Secondary School - Construction of Dining Hall

Included in the transfers to secondary schools of Kshs.29,100,000 is an amount of Kshs.1,000,000 paid through payment voucher number 168 dated 27 January, 2022 for the construction of the dining hall in Akaiga Day Secondary School. However, physical verification carried out in March, 2023 revealed that the dining hall had been constructed to the lintel level but had stalled and the contractor was not on site. Further, no documents were provided including approved code list to confirm allocation of additional funding to the project contrary to Section 11(1) (j) of the National Government Constituencies Development Fund Regulations, 2016 which states that the Constituency Committee shall ensure that all projects receive adequate funding and are completed within three years.

Further, Project Management Committee minutes, Inspection and Acceptance Committee minutes, certificate of payments and drawings were not provided for audit verification.

In the circumstance, the value for money for the expenditure of Kshs.1,000,000 could not be confirmed. In addition, the Fund was in breach of the law.

4.1.2. Stalled Project in Amugaa Mixed Day Secondary School - Construction of Four Rooms Administration Block

Included in the Kshs.29,100,000 an amount of Kshs.1,000,000 transferred to Amugaa Mixed Day Secondary School through payment voucher 166 dated 27 January, 2022 for the construction of four rooms administration block. Physical verification carried out in March, 2023 revealed that the roofing works to be done at a cost of Kshs.523,750 were partially done but full payments done contrary to Section 139 (1) of Public Procurement and Asset Disposal Regulations, 2020 which states that a contractor shall satisfactorily perform its contractual obligations prior to any payment by a procuring entity and Section 25(1) of the National Government Constituencies Development Fund Act, 2015 which states that any funding under this Act shall be for a complete project or a defined phase of a project and may include the acquisition of land and buildings.

Further, approved code list has not been provided to confirm whether additional funding was allocated yet the project had stalled.

In the circumstances, the value for money could not be confirmed. In addition, the Fund was in breach of the law.

4.1.3. Stalled Project in Kailutha Day Secondary School - Construction of Laboratory

Included in the Kshs.29,100,000 in the transfers to secondary schools is an amount of Kshs.1,000,000 for the completion of science laboratory at Kailutha Secondary School. Physical verification carried out in March, 2023 revealed that the laboratory had stalled and the contractor was not on site. The flooring, plastering, construction of lab benches,

installation of water and gas system, construction of fume chamber and fixing of window panes had not been done. Further, approved code list was not provided to confirm additional funding has been allocated yet the project is stalled contrary to Section 11(1) (j) of the National Government Constituencies Development Fund Regulations, 2016.

In the circumstances, the value for money could not be confirmed. In addition, the Fund was in breach of the law.

4.1.4. Poor Workmanship in Construction of Three Classrooms in Githu Day Secondary School

Included in the Kshs.29,100,000 on transfers to secondary schools is an amount of Kshs.1,000,000 transferred to Githu Day Secondary for the construction of one storey building with three (3) classrooms.

However, physical verification carried out in March, 2023 revealed the project had developed major cracks on the walls and floors which reflects poor workmanship contrary to Section 36(1) of the National Government Constituencies Development Fund Act, 2015 which states that projects under this Act shall be implemented by the Project Management Committee appointed in accordance with the Regulations made under Section 57, with the assistance of the relevant department of Government and all payments through cheques or otherwise shall be processed and effected in accordance with government regulations for the time being in force.

Further, majority of window panes had fallen, only under coat was applied, wiring was open and windows were substandard. In addition, the railing was to be done at a cost of Kshs.109,470. However, the rails were shaky which is a clear indication that they were not properly grouted to the concrete floor. Further, the rain water works at a cost of Kshs.119,300 were not done.

In the circumstances, the value for money could not be confirmed. In addition, the Fund was in breach of the law.

4.1.5. Poor Workmanship in Mukono Secondary School - Completion of Science Laboratory

Included in the Kshs.29,100,000 on transfers to secondary schools is an amount of Kshs.1,000,000 for completion of science laboratory at Mukono Secondary School. Physical verification carried out in March, 2023 revealed the laboratory was completed and in use but the floor had developed major cracks which is an indication of poor workmanship. Further, the contractor was to apply three coats of plastic emulsion paint at a cost of Kshs.89,100 but applied the undercoat.

In addition, the contractor was to erect and complete a 150mm thick masonry wall fume cupboard of exterior dimensions of 1200mm width, 1000mm depth and 2400mm high at a cost of Kshs.70,000 but this work had not been done. It was further noted that the laboratory was not standard size to accommodate 45 students and was poorly ventilated.

Management explained that some works were not done due to piece meal allocation resulting to substandard works which contravenes Section 11(1) (j) of the National Government Constituencies Development Fund Regulations, 2016.

Further, no explanation was provided on how defects noted will be rectified since the contractor has been fully paid based on certificate of completion issued

In the circumstances, the value for money could not be confirmed. In addition, the Fund was in breach of the law.

4.1.6. Procurement Procedures for Works

Included in the Kshs.29,100,000 on transfers to secondary schools is Kshs.8,900,000 incurred on four (4) projects procured through restricted tendering without justification contrary to Section 102 (1) and (2) of Public Procurement and Asset Disposal Act, 2015.

It was also observed that in each contract, tenders were issued to six (6) suppliers contrary to Section 89(5) of the Public Procurement and Asset Disposal Regulations, 2020 which states that where restricted tendering is used pursuant to Section 102(1)(b) of the Act, the procuring entity shall invite tenders from at least ten persons selected from the list maintained as provided under sections 57 and 71 of the Act or otherwise as permitted under section 56 of the Act.

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

4.2. Transfers to Primary Schools

4.2.1. Poor Workmanship One Classroom at Mikinduri Primary School

Included in the transfers to primary schools of Kshs.52,250,000 is an amount of Kshs.1,000,000 transferred to Mukono Primary for construction of one classroom.

However, physical verification carried out in March 2023 revealed window panes falling off due to poor fixing since no silicon was used and substandard putty was applied, sub-standard window grills were fitted, poor wall polishing since only scrubbing was done, the floor was cracking and one class is flooding due to non-levelling during flooring.

It was further noted that payments were not supported by Inspection and Acceptance Committee minutes and there was no evidence of appointment of such a Committee contrary to Section 48(3)(b) of the Public Procurement and Asset Disposal Act, 2015 which states that the Inspection and Acceptance Committee shall immediately after the delivery of the goods, works and services inspect and review the goods, works and services in order to ensure compliance with the terms and specifications of the contract.

In the circumstances, the value for money could not be confirmed. In addition, the Fund was in breach of the law.

4.2.2. Poor Workmanship on Levelling of Playing Field at Ngutu Primary School

Included in the transfers to primary schools of Kshs.52,250,000 is an amount of Kshs.2,000,000 incurred on levelling of playing field 100 meters by 100 meters and grass planting in Ngutu Primary School. Physical verification carried in March, 2023 revealed the field was poorly levelled and area levelled is less than the 100M by 100M measurement specified in the approved code list. Further inspection report and completion certificate from the Ministry of Roads and Public Works were not provided for audit verification contrary to Section 104(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the value for money could not be confirmed. In addition, the Fund was in breach of the law.

4.2.3. Two Abandoned Classrooms at Mukono Primary School

Included in the transfers to primary schools of Kshs.52,250,000 is an amount of Kshs.1,200,000 to Mukono Primary School for construction of one classroom which was completed. However, physical verification carried out in March, 2023 revealed that in the same school there were two abandoned classrooms funded by the National Government Constituencies Development Fund which were approved and allocated funding totalling Kshs.1,350,000 in 2013/2014 and 2014/2015 financial years as detailed below:

Year Funded	Project Description	Allocation (Kshs.)
2013/2014	Construction of 1 classroom	700,000
2014/2015	Construction of 1 classroom	650,000
	Total	1,350,000

The classrooms were constructed up to roofing level without doors and windows and are not complete as indicated in the project implementation status report. The classrooms are therefore deteriorating because of non-completion. Further, no documentation was provided for audit on the two classrooms including project file, contract agreements and bills of quantities.

In the circumstances, the value for money spent could not be confirmed.

5. Other Grants and Transfers

5.1 Security Projects

5.1.1 Completed but Un-utilized Lucielubuai Police Post and Vandalism of the Project

The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers amount of Kshs.91,274,227 which includes security projects of Kshs.20,125,872 which further includes Kshs.1,700,000 transferred to Lucielubuai Police Post vide payment voucher number 160 dated 27 January, 2022 for construction of staff offices to facilitate deployment of police officers in that area with a view to enhancing security lapses that had been occasioned by frequent banditry attacks. However, physical verification carried out in March, 2023 revealed that although the project was completed, it has not been put to use to serve the purpose for which it was intended.

In addition, there was vandalism and destruction of all the glassed windows since the area remains unguarded to date. Further, the remaining other facility structures such as doors, iron sheets and facial board are potential targets of theft thus undermining the provisions of Section 43(d) of Public Finance Management (National Government) Regulations, 2015 which states that an Accounting Officer shall manage, control and ensure that policies are carried out efficiently and wastage of public funds is eliminated.

In the circumstances, value for money could not be confirmed. In addition, the Fund was in breach of the law.

5.1.2 Poor Workmanship in Mikunduri Police Station

The statement of receipts and payment and as disclosed in Note 7 to the financial statements reflects other grant and transfers amount of Kshs.91,274,227 which includes security projects of Kshs.20,125,872 out of which Kshs.8,425,872 was transferred to Mikinduri Police Station vide payment voucher number 162 and 36 dated 27 January, 2022 and 7 May, 2022 respectively for construction of offices.

However, although the project was completed and indeed in use, physical verification carried out in March, 2023 revealed several construction defects like visible wall cracks, peeling off of the floor leaving remarkable pot holes, leaking of roof, non-fixing of gutters, poor toilet drainage and ungrilled reception counter which is an indication of poor workmanship. This is contrary to Section 139 (1) of Public Procurement and Asset Disposal Regulations, 2020 which states that a contractor shall satisfactorily perform its contractual obligations prior to any payment by a procuring entity.

In the circumstances, the value for money could not be confirmed. In addition, the Fund was in breach of the law.

5.2. Unsupported Sports Expenditure

The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and other transfers of Kshs.91,274,227 which includes sports projects expenditure of Kshs.4,247,691 which includes an amount of Kshs.3,850,560 paid to two (2) suppliers for the supply of sports equipment. However, the following observations were noted:

- i) Procurement records such as quotations, inspection and acceptance report and stores records supporting expenditure amounting to Kshs.3,021,000 incurred on the purchase of sports items which include T-shirts, shorts, socks, leather size footballs and training bibs were not provided for audit verification. Further, details of venue and dates when tournament took place were not provided casting doubt on whether the events really took place.
- ii) Documents supporting tournament organizing expenditure of Kshs.555,000 such as the list containing names of the Organizing Committee Members, names of officials who officiated the tournament, appointment letters, signed attendance registers, rates, number of days they officiated, criteria for identifying officials, the teams or officials who were awarded and the kind of awards given were not provided for audit review contrary to Section 15(1) (b) and (d) of National Government Constituencies Development Fund Regulations, 2016.

In the circumstances, the Fund's Management was in breach of law.

5.3 Unsupported Expenditure on Environment Projects

The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and other transfers amount of Kshs.91,274,227 which

include Kshs.2,579,995 paid for construction of water tank bases, supply of 10,000 litres PVC water tanks, installation of gutters, plumbing works and planting of 1,500 trees. However, the following anomalies were observed:

- i) Restricted tendering was used to procure water tanks, tree seedlings and construction of gutters costing Kshs.2,579,998 contrary to Sections 102(1) and (2) of Public Procurement and Asset Disposal Act, 2015 and 89(5) of Public Procurement and Asset Disposal Regulations, 2020.
- ii) The criteria used to identify the beneficiaries, the distribution list of the tanks and the acknowledgment from the beneficiaries supporting expenditure of Kshs.1,241,995 on supply of plastic water tanks were not provided. In addition, physical verification carried out in March, 2023 revealed that the tank at East Rapid Deployment Unit Camp had developed cracks and the water was leaking. Further, the Masonary raised base at Matabithi Primary School and Tigania East Rapid Deployment Unit Camp had developed major cracks.
- iii) Suitability report from the relevant department, the criteria used to identify the beneficiaries, the distribution list of the seedlings, the acknowledgment from the beneficiaries and report or minutes supporting sustainability measures put in place to support, expenditure of Kshs.1,188,000 on the purchase and planting of tree seedlings were not provided contrary to Section 104(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the value for money could not be confirmed. In addition, the Fund was in breach of the law.

5.4. Non-Compliance with Emergency Funding Requirements

The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers amount of Kshs.91,274,227 which includes emergency projects of Kshs.6,200,000. The projects undertaken were largely toilets located in both primary and secondary schools.

However, photo evidences of the collapsed toilets were not provided for audit review to credibly justify the projects undertaken as emergency situations contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which stipulates that expenditure on emergency should be for an urgent, unforeseen need for expenditure which in the opinion of the constituency committee cannot be delayed until the next financial year without harming the public interest of the constituents.

Further, some applications were not dated such as applications from MCK Kiremu Primary School, Kiguru Primary School and Mutewa Primary School thus doubting their authenticity. In addition most schools put in normal requests that could have been allocated funds when submitting annual project proposals for approval and no report on utilization of emergency funds was submitted to the Board contrary to requirements of Section 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which states that utilization of the emergency reserves shall be reported to the Board within thirty (30) days of the occurrence of the Emergency as prescribed by the Board.

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

6. Undisposed and Obsolete Assets

Annex 4 to the financial statements reflects fixed assets balance of Kshs.19,391,911. However, review of the Constituency asset register revealed some unserviceable, obsolete and idle assets worth Kshs.3,504,812 which includes motor vehicle of Kshs.3,264,012 which was not earmarked for disposal contrary to Section 163 (1) of Public Procurement and Asset and Disposal Act, 2015 which states that an accounting officer shall establish a Disposal Committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets.

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

7. Lack of Cheque Dispatch Register

The statement of assets and liabilities and as disclosed in Note 10A to the financial statements reflects bank balance of Kshs.27,084,986. Review of the bank reconciliation statement revealed payments in cash book not in bank statement comprising of unrepresented cheques amounting to Kshs.9,218,860. However, the cheque dispatch register was not provided to support payments in the cash book not in bank statement contrary to Section 100 of Public Finance Management (National Government) Regulations, 2015 which states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

In the circumstances, Management was in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Disaster Recovery Plan

The Fund has not assessed the impact of outage or disruption to the information communication technology system and thereby develop a business continuity or

information technology disaster recovery plan. In case of disaster, the Fund may not restore critical infrastructure services and system for continued operations. This is contrary to Section 68 (2) (c) of the Public Finance Management Act, 2012 which states that accounting officer for National Government entities, Parliament and the Judiciary shall ensure that all financial and accounting records the entity keeps in any form, including in electronic form are adequately protected and backed up. The Fund needs to collaborate with the Ministry of Information to develop, approve and implement disaster recovery plan for all key business systems.

In the circumstances, Management is not adequately prepared for any disaster that may adversely affect the activities of the Fund.

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund 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 controls.

- 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 Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 May, 2023

*Tigania East 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	160,188,879	172,767,724
Proceeds From Sale of Assets	2	-	-
Other Receipts	3	-	-
Total Receipts		160,188,879	172,767,724
Payments			
Compensation Of Employees	4	3,515,840	3,790,874
Use Of Goods and Services	5	11,509,433	7,553,083
Transfers To Other Government Units	6	81,350,000	73,709,000
Other Grants and Transfers	7	91,274,227	53,628,328
Acquisition Of Assets	8	751,420	-
Other Payments	9		-
Total Payments		188,400,920	138,681,285
Surplus/(Deficit)		(28,212,041)	34,086,439

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 4th April 2023 and signed by:





Fund Account Manager

Name: Stephen Maina

National Sub-County
Accountant

Name: Paul Oyoo
ICPAK M/No:

Chairman NG-CDF
Committee

Name: David Muriera

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

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

	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	10A	27,084,986	55,057,027
Cash Balances (Cash at Hand)	10B	-	-
Total Cash and Cash Equivalents		27,084,986	55,057,027
Accounts Receivable			
Outstanding Imprests	11	50,000	50,000
Total Financial Assets		27,134,986	55,107,027
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	12A	240,000	-
Gratuity	12B	-	-
Total Financial Liabilities		=	=
Net Financial Assets		26,894,986	55,107,027
Represented By			
Fund Balance B/Fwd	13	55,107,027	21,020,588
Prior Year Adjustments	14	-	-
Surplus/Deficit for The Year		(28,212,041)	34,086,439
Net Financial Position		26,894,986	55,107,027

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 4th July 2022 and signed by:





Fund Account Manager

National Sub-County
Accountant

Chairman NG-CDF
Committee

Name: Stephen Maina

Name: Paul Oyoo
ICPAK M/No:

Name: David Muriera

*Tigania East 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	160,188,879	172,767,724
Other Receipts	3	-	-
Total Receipts		160,188,879	172,767,724
Payments			
Compensation Of Employees	4	3,515,840	3,790,874
Use Of Goods and Services	5	11,509,433	7,553,083
Transfers To Other Government Units	6	81,350,000	73,709,000
Other Grants and Transfers	7	91,274,227	53,628,328
Other Payments	9	-	-
Total Payments		187,649,500	138,681,285
Total Receipts Less Total Payments			
Adjusted For:			
Decrease/(Increase) In Accounts Receivable	15	-	(50,000)
Increase/(Decrease) In Accounts Payable	16	240,000	-
Prior Year Adjustments	14	-	-
Net Cash Flow from Operating Activities		(27,220,621)	34,036,439
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	-	-
Acquisition Of Assets	8	(751,420)	-
Net Cash Flows from Investing Activities		(751,420)	-
Net Increase In Cash And Cash Equivalent		(27,972,041)	34,036,439
Cash & Cash Equivalent At Start Of The Year	10	55,057,027	21,020,588
Cash & Cash Equivalent At End Of The Year	10	27,084,986	55,057,027

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

The Constituency financial statements were approved on 4th April 2022 and signed by:





Fund Account Manager

National Sub-County
Accountant

Chairman NG-CDF
Committee

Name: Stephen Maina

Name: Paul Oyoo
ICPAK M/No:

Name: David Muriera

**Tigania East 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	2021/2022	b	Previous Years' Outstanding disbursements				
		2021/2022	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2021/2022	30/06/2022		
	Kshs		Kshs	Kshs	Kshs		Kshs	
Transfers From NGCDF Board	137,088,879	55,057,027	55,057,027	40,188,879	232,334,785	215,245,906	17,088,879	
Proceeds From Sale of Assets					0	-	-	0.0%
Other Receipts					0	-	-	
Totals	137,088,879	55,057,027	55,057,027	40,188,879	232,334,785	215,245,906	17,088,879	92.6%
Payments								
Compensation Of Employees	3,431,040	1,398,077	1,398,077	1,000,000	5,829,117	3,515,840	2,313,277	60.3%
Use Of Goods and Services	8,348,737	5,103,441	5,103,441	1,488,879	14,941,057	11,509,433	3,431,624	82.1%
Transfers To Other Government Units	71,100,000	11,452,681	11,452,681	22,500,000	105,052,681	81,350,000	23,702,681	77.4%
Other Grants and Transfers	54,209,102	37,102,828	37,102,828	15,200,000	106,511,930	91,274,227	15,237,703	85.7%
Acquisition Of Assets					0	751,420	(751,420)	#DIV/0!
Other Payments	0				0	-	-	#DIV/0!
Funds Pending Approval**								
Totals	137,088,879	55,057,027	55,057,027	40,188,879	232,334,785	188,400,920	43,933,865	81.1%

****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.**

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

Explanatory Notes.

- (a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]
- (b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]
- (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	43,933,865
Less undisbursed funds receivable from the Board as at 30 th June 2022	17,088,879
	26,844,986
Add Accounts payable	240000
Less Accounts Receivable	-
Add/ Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2021/2022	27,084,986

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




Fund Account Manager

National Sub-County
Accountant

Chairman NG-CDF
Committee

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

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

1.0 Administration and Recurrent									
1.1 Compensation of employees	3,431,040	1,398,077.00	1,000,000	5,829,117	3,515,840.00			2,313,277	
1.2 Committee allowances	1,800,000	937,563.00	800,000	3,537,563	3,537,563.00			-	
1.3 Use of goods and services	2,994,293	65,764.00	288,879	3,348,936	2,597,516.00			751,420	
2.0 Monitoring and evaluation	8,225,333	2,401,404	2,088,879	12,715,616	9,650,919			3,064,697	
2.1 Capacity building	1,400,000	1,321,600.00		2,721,600	441,396.00			2,280,204	
2.2 Committee allowances	1,271,226	2,365,257.00		3,636,483	3,636,483.00			-	
2.3 Use of goods and services	883,218	413,257.00		1,296,475	1,296,475.00			(0)	
	3,554,444	4,100,114	-	7,654,558	5,374,354			2,280,204	
3.0 Emergency	7,192,207	309,441.00		7,501,648	6,200,000.00			1,301,648	
3.1 Primary Schools									

3.2 Secondary schools								
3.3 Tertiary institutions								
3.4 Security projects	7,192,207	309,441	-	7,501,648	6,200,000.00	1,301,648		
4.0 Bursary and Social Security								
4.1 Primary Schools	13,000,000	10,793,887.00	5,000,000	28,793,887	24,633,600.00	4,160,287		
4.2 Secondary Schools	14,272,220	16,699,500.00	4,100,000	35,071,720	33,487,069.00	1,584,651		
4.3 Tertiary Institutions	7,000,000			7,000,000		7,000,000		
4.4 Universities								
4.5 Social Security	34,272,220	27,493,387	9,100,000	70,865,607	58,120,669.00	12,744,938		
5.0 Sports	2,318,803		2,000,000	4,318,803	4,247,691.00	71,112		
5.1								
6.0 Environment	2,318,803	-	2,000,000	4,318,803	4,247,691	71,112		
6.1				2,700,000	2,579,995.00	120,005		

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

Ngutu Primary School	2,000,000			2,000,000	2,000,000.00	-
Umaja Githu Primary School	800,000			800,000	800,000.00	-
Thaathi Primary School	1,200,000			1,200,000	1,200,000.00	-
Mukono primary school	1,200,000			1,200,000	1,200,000.00	-
Ngongoaka primary school	1,200,000			1,200,000	1,200,000.00	-
Urino primary School	1,200,000			1,200,000	1,200,000.00	-
Michiitnikuru primary school	900,000			900,000	900,000.00	-
Rarimbu Primary School	600,000			600,000	600,000.00	-
Lii primary school	8,400,000			8,400,000		8,400,000
Ikana Primary School	2,800,000			2,800,000	2,800,000.00	-
Amugaa Primary School	2,800,000			2,800,000		2,800,000
Milinduri primary school	4,500,000			4,500,000	4,500,000.00	-
Ntulili Primary school				1,000,000.00	1,000,000.00	-
Angili primary school				500,000.00		

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

Mula primary school		150,000.00		150,000	150,000.00	-
Kiremum primary school		150,000.00		150,000	150,000.00	-
linguri primary school		150,000.00		150,000	150,000.00	-
mitkalamatu primary school		150,000.00		150,000	150,000.00	-
kithe primary school		150,000.00		150,000	150,000.00	-
Mukunga primary school		150,000.00		150,000	150,000.00	-
Mulewa primary school		500,000.00		500,000	500,000.00	-
kaamikau primary school		150,000.00		150,000		150,000
Gituuuwoja primary school		150,000.00		150,000	150,000.00	-
Ngage primary school		411,681.00		411,681		411,681
Kirumone primary school		150,000.00		150,000	150,000.00	-
Kinoe primary school		150,000.00		150,000	150,000.00	-
Kamujine primary school		150,000.00		150,000		150,000
Mula primary school			1,000,000.00	1,000,000		-
Thuuria Primary School			1,000,000.00	1,000,000		-

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

Total	46,100,000	7,561,681	10,500,000	64,161,681	52,250,000.00	11,911,681
8.0 Secondary Schools Projects (List all the Projects)						
Rurii secondary school	800,000.00			800,000		800,000
Lubuaithiria Secondary School	1,200,000.00			1,200,000	1,200,000.00	-
Antuanduru Secondary School	700,000.00			700,000	700,000.00	-
				-		-
Kailutha day secondary school	1,000,000.00			1,000,000	1,000,000.00	-
				-		-
Kaathi Mukwan Secondary School	800,000.00			800,000		800,000
Akaiga Boys Secondary School	1000000			1,000,000	1,000,000.00	-
Ankamia Mixed Day secondary School	700,000.00			700,000	700,000.00	-
Amugaa Mixed Day Secondary School	1,000,000.00			1,000,000	1,000,000.00	-
				-		-
Ikana mixed day secondary School	1,000,000.00			1,000,000	1,000,000.00	-
Kaliene Secondary School	1,000,000.00			1,000,000	1,000,000.00	-

Nyage Secondary School	1,400,000.00				1,400,000	1,400,000.00			
Mutewa Secondary School	900,000.00				900,000	900,000.00			
Mukono Day Secondary School	1,000,000.00				1,000,000	1,000,000.00			
Thubuku Secondary School	1,000,000.00				1,000,000	1,000,000.00			
Ncuui secondary school	5,500,000				5,500,000			5,500,000	
Thubuku Secondary School	6,000,000				6,000,000			6,000,000	
Niritutu Day Secondary School				500,000.00	500,000	500,000.00			
Karama Day Secondary School				1,000,000.00	1,000,000	1,000,000.00			
Amethe Secondary School				500,000.00	500,000	500,000.00			
Kiguchwa day secondary school				1,000,000.00	1,000,000	1,000,000.00			
Akaiga Boys Secondary School				1,500,000.00	1,500,000	1,500,000.00			
Amugaa Secondary School				2,000,000.00	2,000,000	2,000,000.00			
Ankamia Secondary School				2,000,000.00	2,000,000	2,000,000.00			
Ncuui Day Secondary School				1,500,000.00	1,500,000	1,500,000.00			
Mwerokieni secondary school			150,000.00		150,000	150,000.00			

**Tigania East 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			
Githu day secondary school		3,900,000.00	1,000,000.00	4,900,000	4,900,000.00	-
Antuanduru Secondary School		191,000.00		191,000		191,000
Kamithega day secondary		500,000.00		500,000		500,000
Ntulili secondary school		150,000.00		150,000	150,000.00	-
KK.Mweetha secondary seghool			1,000,000.00	1,000,000	1,000,000.00	-
Kamithega day secondary			1,000,000.00	1,000,000	1,000,000.00	-
Total	25,000,000	3,891,000	13,000,000	41,891,000	29,100,000.00	12,791,000
9.0 Tertiary institutions Projects (List all the Projects)						
Gikurune Assistant Chiefs Office	500,000.00			500,000	500,000.00	-
Mwokaila Administration Police Line	500,000.00			500,000	500,000.00	-
Githu Administration Police Line	500,000.00			500,000	500,000.00	-
Mikinduri police station	5,925,872.00			5,925,872	5,925,872.00	-
Ngaene Police Post	800,000.00			800,000	800,000.00	-
Lucieluboi police post	1,700,000.00			1,700,000	1,700,000.00	-
Kiguchwa Administration police Line	500,000.00			500,000	500,000.00	-

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 Opening Balance (C/B) and AIA	Previous Years' Outstanding Disbursements	Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
KK Mwelhe Assistant Chief Office			500,000	500,000	500,000.00	-
Iroha Assistant Chiefs Office			1,000,000	1,000,000	1,000,000.00	-
Thuti Assistant Chiefs Office			1,000,000	1,000,000	1,000,000.00	-
Mikinduri police station		2,500,000.00		2,500,000	2,500,000.00	-
Ngaene Police Post		500,000.00		500,000	500,000.00	-
Athing'a Assistant Chief Office		500,000.00		500,000	500,000.00	-
Akaiga assistant chiefs office		1,000,000.00		1,000,000	1,000,000.00	-
Antuanduru Assistant Chiefs Office		800,000.00		800,000	800,000.00	-
Abodii Assistant Chiefs Office		300,000.00		300,000	300,000.00	-
Kiambeni police post		1,000,000.00		1,000,000		1,000,000
Irone Assistant chiefs office			500,000.00	500,000	500,000.00	-
Lanyiru assistant chiefs office			800,000.00	800,000	800,000.00	-
Kalothera assistant chiefs office			300,000.00	300,000	300,000.00	-
Total	10,425,872	6,600,000	4,100,000	21,125,872	20,125,872	1,000,000
11.0 Acquisition of assets						

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

Purchase of office furniture and General Equipment					413,500.00	(413,500)
Purchase of computers ,printers and other IT equipments					337,920.00	(337,920)
Total					751,420.00	(751,420.00)
12.0 Others						
12.1 Strategic Plan						
12.2 Innovation Hub						
12.2						
Funds pending approval**						
Total	137,088,878	55,057,027	40,788,879	232,934,785	188,400,920.00	43,933,865

(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-Tigania East 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.

Significant Accounting Policies continued

7. Accounts Receivable

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

8. Accounts Payable

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

Significant Accounting Policies continued

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on xx June 20xx for the period 1st July 2021 to 30th June 2022 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

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

Significant Accounting Policies continued

14. Errors

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

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

15. Related Party Transactions

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

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

XII. Notes to the Financial Statements

1. Transfers from NGCDF Board

AIE NO B104576		3,000,000.00
AIE NO B104801		64,367,724.10
AIE NO B104845		5,000,000.00
AIE NO B104888		3,500,000.00
AIE NO B124710		9,000,000.00
AIE NO B119702		15,000,000.00
AIE NO B132055		8,000,000.00
AIE NO B132349	-	6,000,000.00
AIE NO B128295	-	6,900,000.00
AIE NO B140749	-	15,000,000.00
AIE NO B119663	-	12,000,000.00
AIE NO B126018	-	15,000,000.00
AIE NO B105105	-	10,000,000.00
B105303	34,188,879.30	
B126310	6,000,000.00	
B105638	34,000,000.00	
B105985	10,000,000.00	
B105944	34,000,000.00	
B128717	16,000,000.00	
B163879	26,000,000.00	
TOTAL	160,188,879.30	172,767,724

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

2. Proceeds From Sale of Assets

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

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

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

Notes To the Financial Statements (Continued)

4. Compensation Of Employees

NG-CDFC Basic staff salaries	2,820,000.00	2,445,474
Personal allowances paid as part of salary		
House Allowance		-
Transport Allowance		-
Leave allowance	56,000.00	-
Gratuity to contractual employees	523,200.00	1,345,400
Employer Contributions Compulsory national social security schemes	116,640.00	-
Total	3,515,840.00	3,790,874

5. Use Of Goods and Services

Committee Expenses	-	-
Utilities, supplies and services	8,406.11	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	85,503
Rentals of produced assets	-	-
Training expenses	407,000.00	1,028,400
Hospitality supplies and services	-	-
Other committee expenses	1,876,515	4,811,480
Committee allowance	6,529,800.00	1,479,000
Insurance costs	-	-
Specialized materials and services	-	-

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

Fuel , oil & lubricants	971,312.00	148,700
Other operating expenses	646,600.00	-
Routine maintenance – vehicles and other transport equipment	1,069,800.00	-
Routine maintenance – other assets	-	-
Total	11,509,433.11	7,553,083

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

Notes To The Financial Statements (Continued)

6. Transfer To Other Government Units

Transfers To Primary Schools (See Attached List)	52,250,000.00	36,600,000
Transfers To Secondary Schools (See Attached List)	29,100,000.00	35,609,000
Transfers To Tertiary Institutions (See Attached List)		1,500,000
Total	81,350,000.00	73,709,000

7. Other Grants and Other transfers

Bursary – secondary schools (see attached list)	24,633,600.00	22,427,828
Bursary – tertiary institutions (see attached list)	33,487,069.00	12,600,500
Bursary – special schools (see attached list)		-
Mock & CAT (see attached list)		-
Social Security programmes (NHIF)		
Security projects (see attached list)	20,125,872.00	10,000,000
Sports projects (see attached list)	4,247,691.00	-
Environment projects (see attached list)	2,579,995.00	-
Emergency projects (see attached list)	6,200,000.00	8,600,000
Total	91,274,227.00	53,628,328

8. Acquisition Of Assets

Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-

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

Purchase of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	413,500.00	-
Purchase of ICT Equipment, Software and Other ICT Assets	337,920.00	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Acquisition of Land	-	-
Total	751,420.00	-

Notes To the Financial Statements (Continued)

9. Other Payments

Strategic plan	-	-
ICT Hub	-	-
	-	-

10: Cash Book Bank Balance

10A: Bank Accounts (Cash Book Bank Balance)	27,084,986.37	55,057,027
<i>Cooperative Bank of Kenya, Makutano Branch Tigania East NG CDF 1120378126000</i>	-	-
Total	27,084,986.37	55,057,027
10 B: Cash on Hand		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>Specify</i>)	-	-
Total	-	-
<i>[Provide Cash Count Certificates for Each]</i>		

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

11: Outstanding Imprests

<i>Paul Thiga</i>	4/04/2021	50,000	-	50,000
<i>Total</i>		50,000	-	50,000

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

Notes to the Financial Statement Continued

12A. Retention

Retention as at 1 st July (A)	-	-
Retention held during the year (B)	240,000	-
Retention paid during the Year (C)	-	-
Closing Retention as at 30 th June D= A+B-C	240,000	-

[Provide short appropriate explanations as necessary.]

12B. Gratuity

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	-	-

[Provide short appropriate explanations as necessary]

13. Balances Brought Forward

Bank accounts	55,107,027.10	21,020,588
Cash in hand	-	-
Imprest	-	-

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

Total	55,107,027.10	21,020,588
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[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	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

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

15. Changes in Accounts Receivable – Outstanding Imprests

	2021-2022 KShs	2020-2021 KShs
Outstanding Imprest as at 1 st July (A)	50,000	
Imprest issued during the year (B)		50,000
Imprest surrendered during the Year (C)	-	-
closing accounts in account receivables D= A+B-C	50,000.00	50,000
Changes in Account Receivables E= D-A		

16. Changes in Accounts Payable – Deposits and Retentions

	2021 – 2022 KShs	2020 – 2021 KShs

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

Deposit and Retentions as at 1 st July (A)	-	-
Deposit and Retentions held during the year (B)	240,000	-
Deposit and Retentions paid during the Year (C)	-	-
closing account payables D= A+B-C	240,000	-
Changes in Accounts Payable E= D-E	240,000	-

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

Notes to the Financial Statements (Continued)

17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

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

17.2: Pending Staff Payables (See Annex 2)

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

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	2,313,277	2,398,077
Use of goods and services	2,680,204	6,642,320
Amounts due to other Government entities (see attached list)	23,702,681	33,952,681
Amounts due to other grants and other transfers (see attached list)	15,237,703	52,302,828
Acquisition of assets	-	-
Funds pending approval	-	-
Total	43,933,865	95,295,906

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

17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	-	-
Total	10,266,443	8,965,364.01

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

Annexes
Annexes: 1 Analysis of Pending Accounts Payable

	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				

Annex 2 - Analysis of Pending Staff Payables

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

NG-CDPC Staff					
1.					
2.					
3.					
Sub-Total					
Grand Total					

Tigania East Constituency

National Government Constituencies Development Fund (NGCDF)

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

Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		2,313,277	2,398,077.00	
Use of goods & services		2,280,204	6,642,320.14	
Amounts due to other Government entities				
Lii primary school		8,400,000		
Amugaa Primary school		2,800,000		
kiamikuu primary school		150,000		
Ngage primary school		411,681		
Kamujine primary school		150,000		
Rurii secondary school		800,000		
Kaathi Mukwan Secondary School		800,000		
Ncuui secondary school		5,500,000		
Thubuku Secondary school		6,000,000		
Antuanduru Secondary School		191,000		
Secondary Schools			15,891,000	
Sub-Total		25,202,681	33,952,681	
Amounts due to other grants and other transfers				
Emergency		1,301,648	309,441	
Bursary Tertiary		8,084,641	20,799,500	

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

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Bursary secondary		3,560,287	15,793,887	
Sports		71,112	2,000,000	
Environment		120,005	2,700,000	
Security		1,000,000	10,700,000	
Sub-Total		14,137,693	52,302,828	
Acquisition of assets				
Others (specify)				
Sub-Total				
Funds pending approval				
Grand Total		43,933,865	95,295,906.31	

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

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	6,000,000			6,000,000
Buildings and structures	10,450,000			10,450,000
Transport equipment	1,541,000			1,541,000
Office equipment, furniture and fittings	499,491	413,500.00		912,991
ICT Equipment, Software and Other ICT Assets	150,000	337,920.00		487,920
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	18,640,491	751,420		19,391,911

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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Ntirutu Primary School	DHABITI	515-15925	148,828.00	
Thathi Primary School	DHABITI	511-00485	318.00	
Kirimanchuma Primary School	DHABITI	502-05873	1,355.00	
Nduluma Primary School	DHABITI	515-01695	538.00	
Athwana Primary School	DHABITI	502-02870	1,274.45	
Charuru primary school	DHABITI	502-08161	500.00	
mula primary school	DHABITI	502-07705	500.00	
luuma primary school	DHABITI	511-00485	718.00	
mathirime primary school	DHABITI	502-09415	500.00	
kiguru primary school	DHABITI	515-15925	33,168.00	
mulorone primary school	DHABITI	502-02870	846,950.00	
murichia primary school	DHABITI	502-08221	846,950.00	
amugaa adventist primary school	DHABITI	502-07705	304.00	
nguthuru primary school	DHABITI	502-09415	416.00	
mutunduru primary school	DHABITI	502-05873	508.00	
ngombenchiru primary school	DHABITI	515-15925	1,685.54	
	DHABITI		3,974.65	

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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Nfirutu Primary School	Coop bank	515-15925		148,828.00
Thathi Primary School	DHABITI	511-00485		318
Kirimanchuma Primary School	DHABITI	502-05873		1,355.00
Nduluma Priomary School	DHABITI	515-01695		538
Athwana Primary School	DHABITI	502-02870		1,274.45
Charuru primary school	DHABITI	502-08161		500
mula primary school	DHABITI	502-07705		718
Iuuma primary school	DHABITI	511-00485		500
mathirtime primary school	DHABITI	502-09415		500
kiguru primary school	DHABITI	515-15925		33,168.00
mukorone primary school	DHABITI	502-02870		846,950.00
murichia primary school	DHABITI	502-08221		804
amugaa adventist primary school	DHABITI	502-07705		416
nguthuru primary school	DHABITI	502-09415		508
mutunduru primary school	DHABITI	502-05873		1,685.54
ngombenchiru primary school	DHABITI	515-15925		3,974.65
ngutu primary school	DHABITI	515-01695		1,655.93
Mitunguune primary school	DHABITI	502-02870		628
kk muthangane primary school	DHABITI	502-08221		9,401.21

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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Rarimbu Primary School	DHABITI	502-08161		1,517.91
Irindiro Primary School	DHABITI	502-07705		5,697.91
Charuru Primary School	DHABITI	502-09415		500
Ngutu Primary School	DHABITI	502-05873		1,655.93
Luumu primary	DHABITI	515-15925		500
Ntaluma Primary	DHABITI	515-01695		538
Kiguru primary	DHABITI	502-02870		33,168.00
muwrichia primary school	DHABITI	515-01695		804
amugaa adventist	DHABITI	502-08221		416
thathi primary	DHABITI	502-07705		318
nguthiru primary	DHABITI	511-00485		508
Ikana Day Secondary School	DHABITI	515-01695		3,300.00
Ankama Day Secondary School	DHABITI	502-02870		15,156.83
Laliuba secondary school	DHABITI	502-08161		1,088.00
mweromuthanga secondary	DHABITI	502-07705		500
kaliutha day secondary	DHABITI	511-00485		45,406.00
maburwa day	DHABITI	502-09415		1,258.00
mwerokieni day	DHABITI	515-15925		38,758.65
karama secondary school	DHABITI	502-07705		1,314.00

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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Antuanduru secondary school	DHABITI	511-00485	-	1,270.48
Kinangane day secondary	DHABITI	502-09415	-	187,448.00
Ntulili day secondary school	DHABITI	502-05873	-	1,118.00
Charuru Day School	DHABITI	502-02870	-	1,926,275.00
Thuuria Day Secondary	DHABITI	502-08221	-	2,499.09
Rumanthi Secondary School	DHABITI	502-08161	-	500,000.00
Lii secondary	DHABITI	502-07705	-	528
Lailuba secondary	DHABITI	511-00485	-	1,088.00
mweromuthama secondary	DHABITI	502-09415	-	500
Mbaranga uru chiefs office	DHABITI	502-08161	-	40,905.43
Lucielubai admin police line	DHABITI	502-07705	-	1,171,754.00
Mula Police station	DHABITI	511-00485	-	300
Muthara Police station	DHABITI	502-05873	-	2,426,275.00
Tigania East Technical Training Institute	DHABITI	515-01695	-	1,499,275.00
LUBUATHIRUA DAY SEC CSCHOOL	CO-OP BANK	01141881822300	2,625	-
ANTUANUU PRIMARY SCHOOL	CO-OP BANK	01141881799900	38,965	-
GIITHU UMOJA PRIMARY SCHOOL	CO-OP BANK	01141881791700	3,830	-
MCK THUURI PRIMARY SCHOOL	CO-OP BANK	01141881783900	15,466	-
LANYIRU ASSISTANT CHIEF OFFICE	CO-OP BANK	01141881783200	2,088	-

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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
ANTUANDURU ASSISTANT CHIEF OFFICE	CO-OP BANK	01141881777500	8,959	-
AMUGAA DAY SECONDARY SCHOOL	CO-OP BANK	01139881776800	1,035,376.50	-
DEB MUKONO PRIMARY SCHOOL	CO-OP BANK	01141881822500	9,691	-
IRONE ASSISTANT CHIEF CAMP	CO-OP BANK	01141881822400	42,343	-
MUKONO MIXED DAY SEC SCHOOL	CO-OP BANK	01141881795100	126,746	-
NGUTU PRIMARY SCHOOL	CO-OP BANK	01141881800100	33,821	-
NTULI PRIMARY SCHOOL	CO-OP BANK	01141438536600	116,602	-
KATHANENE PRIMARY SCHOOL	CO-OP BANK	01141881796000	3,759.44	-
FAPC RUMANTHI GIRLS SEC SCH	CO-OP BANK	01141881783300	39,254	-
ATHING'A ASSISTANT CHIEFS OFFICE	CO-OP BANK	01141881756200	71	-
GITHU AP LINE	CO-OP BANK	01141881797400	3,978.41	-
KIARAO PRIMARY SCHOOL	CO-OP BANK	01141024662400	1,270	-
NGAGE SECONDARY SCHOO	CO-OP BANK	01141881825200	99,379	-
NCHUII PRIMARY SCHOOL	CO-OP BANK	01141881833400	64,356	-
AKAIGA ASSISTANT CHIEF OFFICE	CO-OP BANK	01141881755900	14,414	-
MUTEWA PRIMARY SCOO	CO-OP BANK	01141881832800	503,787	-
KK MWETHHE ASSISTANT CHIEF OFFICE	CO-OP BANK	01141881778900	1,977	-
JKANA MIXED DAY SEC SCHOOL	CO-OP BANK	01141881821900	90,218	-
THUUTI ASSISTANT CHIEF OFFICE	CO-OP BANK	01141881777200	83,589	-

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
NTIRUTU DAY SECONDARY SCHOOL	CO-OP BANK	01139881777900	91,772	-
KAILUTHA DAY SECONDARY SCHOOL	CO-OP BANK	01141881822600	9,347	-
MUTEWA MIXED DAY SECONDARY SCHOOL	CO-OP BANK	01141881841000	898,975	-
ANGILI PRIMARY SCHOOL	CO-OP BANK	01139881778300	5,276	-
KAONGO PRIMARY SCHOOL	CO-OP BANK	01141881756000	1,975	-
GIKURUNE ASSISTANT CHIEFS OFFICE	CO-OP BANK	01141997894700	23,504	-
NGONGOAKA PRIMARY SCHOOL	CO-OP BANK	01141881822200	128	-
AKAIGA SECONDARY SCHOOL	CO-OP BANK	01139881779400	1,341,059	-
THURURIA PRIMARY SCHOOL	CO-OP BANK	01141881805300	65,585	-
IROTIA ASSISTANT CHIEF OFFICE	CO-OP BANK	01141881783100	108,046	-
ANKAMIA SECONDARY SCHOOL	CO-OP BANK	01141881789700	217,032	-
MCK KALANTINA PRIMATY SCHOOL	CO-OP BANK	01139881771500	45,096	-
MKINDURI PRIMARY SCHOOL	CO-OP BANK	01141881822700	20,738	-
NCHUII SECONDARY SCHOOL	CO-OP BANK	01141881789800	31,335	-
NGAENE POLICE POST	CO-OP BANK	01141612755600	1,256.20	-
THAATHI PRIMARY SCHOOL	CO-OP BANK	01141881800200	33,068.50	-
TOTAL			10,266,443	8,965,364.01

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

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.

<p>5.0 Accuracy of the Financial Statements</p>	<p>5.1 Inaccuracies between comparative financial statement balances for 2018/2019 and the 2018/19 audited balances</p>	<p>Response The figure of ksh 1,000,000 was in respect of a public toilet constructed outside the NG-CDF office which was classified under security projects. Please find the corrected statements addressing the anomaly.</p>	<p>Not Resolved</p>	<p>Awaiting certificate</p>
<p>5.4 Unutilized Funds</p>	<p>The Summary Statement of Appropriation: Recurrent and Development combined for the year ended 30 June 2020 reflects Kshs.68,221,302 in respect to original budget adjustments for the year being the unutilized funds in the previous year. However, the audited financial statements for the year 2018/2019 reflects</p>	<p>Response The 58,040,875 were funds for prior years received in the reporting year. The ksh.10,180,427 reported as unspent balance were the actual unspent funds in the bank account as at the</p>	<p>Resolved</p>	<p>resolved</p>

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

	<p>unutilized funds total of Kshs10,180,427 resulting to unreconciled and unexplained variance of Kshs. 58,040,875 In the circumstances, the accuracy of the Kshs.68,221,302 in respect to adjustments cannot be confirmed.</p>	<p>closure of the previous financial year. The error had been corrected by stating the correct figure of 68,221,302 which includes both figures i.e 10,180,427 (bank balance) and 58,040,875 (un-received funds from the board for prior years)</p>		
<p>5.5 Project Management Committee (PMC) Bank Balances</p>	<p>The disclosure note 17.4 (Annex 5) to the financial statement reflects Kshs.9,116,934 in respect to project management committee (PMC) bank balances. However, the re-casted total of annex 5 is Kshs.9,114,914 resulting to unexplained variance of Kshs 2020. Further, the PMC bank reconciliation statements and certificates of bank balances as at 30 June 2020 were not produced for audit verifications.</p>	<p>Management Comments. Please find the re-casted figures in the financial statement and a schedule of confirmed bank balances which includes the fund balance for Ametho secondary school. The balance for Ametho day secondary school (Ksh 499,400) was erroneously omitted from the schedule. The balances for Mwakaila</p>	<p>Resolved</p>	<p>resolved</p>

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

	<p>In addition PMC bank balances for Lucielubai Administration Police line of Kshs.1,500,000, Mwokaila Administration Police line of Kshs.1,000,000 and Ametho Day secondary school of Kshs.500,000 respectively totaling to Kshs.3,000,000 were not disclosed in Annex 5 and therefore understating the PMC balances by Kshs.3,000,000 as at 30 June 2020 are understated by Kshs.3,000,000</p> <p>In the circumstances, we could not ascertain the accuracy of Kshs.9,116,934 in respect to project management committee (PMC) bank balances as at 30 June 2020.</p>	<p><i>and Lucielubai administration police lines were not included because, though the cheques had been written and paid out of the cashbook as at 30.6.2020, the same had not been presented to the bank until August 2020 hence the nil balance as at 30.6.2020.</i></p>	<p>Management Comments <i>The stale cheques of ksh 13,154 have since been replaced and paid out. The ksh 2,576,451 yet to be presented cheques as at the time of the audit were still valid and</i></p>	<p>Not Resolved</p> <p>Awaiting certificate</p>
<p>6.0 Cash and Cash Equivalent</p>	<p>Note 10A to the financial statements reflects Kshs.21,020,588 in respect to cash book bank balance. However, a review of the bank reconciliation statement as at 30 June 2020</p>			

	<p>revealed payments in cash book and not yet recorded in bank statement (Unpresented cheques) totaling to Kshs.29,230,397 which includes stale cheques of Kshs. 13,154 and they had not been reversed thereby understating the cash book balance by the same amount. Further, the bank reconciliation statement as at 30 June 2020 reflects receipts in cash book not yet recorded in bank statement of Kshs.7,000. However, the cheque no 6979 dated 6 December 2019 of Kshs.7,000 had not been banked thus overstating the cash book balance by the same amount. In addition, a schedule of Kshs.26,662,946 was provided to show when</p>	<p><i>continued to be presented to the banks for payment. Most of the cheques were bursary cheques written in favour of students who had completed their studies or fees payments by the time the same was processed due to delays in release of funds and processing of the cheques. The challenges of closure of most of the learning institutions due to the corona virus pandemic also contributed to the slow movement of the funds during the year under review. The ksh 7,000 in the bank reconciliation statement (receipts in cashbook not yet recorded in the bank statement) was a correction of a casting error in relation to the</i></p>		
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*Tigania East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

	<p>the unrepresented cheques were subsequently cleared leaving a balance of Kshs.2,576,451 un-cleared as at the time of audit inspection.</p> <p>In the circumstances, the accuracy of the cash and cash equivalents of Kshs.21,020,588 as at 30 June 2020 could not be ascertained.</p>	<p>stated cheque.</p> <p>Recommendation The management should regularize the transaction and provide expenditure returns. <i>Kalantina primary school: a section of the administration block was and is still being used as a classroom to-date. The school faces serious classrooms shortage. The completion of the</i></p>	<p>Not Resolved</p> <p>Awaiting certificate</p>
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*Nigeria East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

8.1	Unacknowledged	Note 7 to the financial statement reflects	<u>Response</u>	Awaiting certificate
<p>an administration block and a classroom respectively. However, during the physical verification of the projects in December 2020 it was noted that Kshs.1,800,000 was spent to complete the administration block and no reallocation approval of activity from completion of a classroom at Kshs.300,000 to administration block was provided for audit review. In the circumstances, it was not possible to ascertain the propriety and value for money of the expenditure of Kshs.300,000 as at 30 June 2020 disbursed for a classroom completion.</p> <p><i>administration block/classroom provided a better learning environment for the young learners. half of the school classrooms are makeshift mabati structures in deplorable condition and a very uncondusive learning environment. The NG-CDF has allocated funds for a complete classroom in the 2020-2021 financial year and will continue doing so until all the makeshift structures are eliminated</i></p>				
Not Resolved				

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

<p>Bursaries</p>	<p>Kshs.43,394,525 in respect to other grants and other payments which includes Kshs.13,469,000 in respect to bursary – tertiary institutions. However, review of the bursary records revealed that out of disbursed bursaries of Kshs. 13,469,000 only bursaries of Kshs.5,196,000 or 39% were acknowledged leaving a balance of Kshs.8,273,000 or 61% unacknowledged by the beneficiary tertiary institutions. (See Appendix 1 for the details)</p>	<p>The year under review was extremely challenging due to closure of learning institutions for most of the second half of the financial year. This affected the receipt and timely acknowledgement of bursaries. Most of the bursary cheques were issued very close to the closure of the financial year hence the huge number of unrepresented cheques on 30.6.2020. The same had been presented such that out of the 26.6M unrepresented at the end of the year, only 2.6M was yet to be presented as at the time of the audit.</p>
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Tigania East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

<p>9.1 Failure to Dispose Assets -- Furniture and Fittings</p>	<p>Annex 4 to the financial statements reflects Kshs.18,640,491 in respect to historical cost of fixed assets as at 30 June 2020, which further. Includes Kshs.18,640,491 in respect to thirteen (13) items classified as not serviceable and valued at Kshs.277,800 as shown below;</p>	<p><u>Response</u> A disposal committee has since been constituted for the disposal of the unserviceable furniture and fittings. New asset tags with the NGCDF board logo have also been received for tagging all assets.</p>	<p>Not Resolved</p>	<p>Awaiting certificate</p>
<p>9.2 Failure to Dispose Motor vehicle and Motor cycle</p>	<p>Annex 4 to the financial statements reflects Kshs.18,640,491 in respect to historical cost of fixed assets as at 30 June 2020 which includes Kshs.10,450,000 in respect to transport equipment. However, included in a Kshs.10,450,000 is a</p>	<p><u>Response</u> The NG-CDFC had written to the NG-CDF board seeking guidance on the procedure of disposal of the motor vehicles. The committee has been advised to constitute a disposal committee which has already been formed. We have also been advised</p>	<p>Not Resolved</p>	<p>Awaiting certificate</p>

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

	<p>grounded and unserviceable motor vehicle registration GK A633R Toyota Hilux D4D and motor cycle registration No. GK 206N Suzuki Dual Sport with historical cost of Kshs.3,264,012 and Kshs.459,128 respectively both totaling to Kshs.3,723,140. The motor vehicle was last on the road in December 2012 and no evidence was provided of any intention to repair or dispose it.</p> <p>Further, the two assets have been left in the open space exposing them to extreme weather conditions for over eight (8) years to suffer wastage through wear and tear without any justification.</p> <p>In addition, no satisfactory explanation was given as to why the vehicle and motor</p>	<p>to have the vehicles inspected and an inspection report issued by the District mechanical officer. The committee has already requested the officer to make arrangements to inspect and value the vehicles for a decision to be made to advertise the vehicles for disposal.</p>
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	<p>cycle have not been earmarked for disposal contrary to Section 163(1) of the Public Procurement Disposal Act, 2015 which states that an accounting officer shall establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets.</p>			



Stephen Maina
Fund Account Manager.