

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY

DATE: 09 AUG 2023

REPORT

TABLED
BY:

CLERK-AT
THE-TABLE:

OF

Hon. Owen Bayo, mp
Deputy Leader, majority
Muriam Mado

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

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

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



RECEIVED
11 APR 2023
MACHAKOS HUB.
OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI

MAVOKO CONSTITUENCY DEVELOPMENT FUND

11 APR 2023

RECEIVED

MAVOKO CONSTITUENCY

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th JUNE 2022**

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

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

Other projects undertaken during the year include the Dormitory and classroom constructions respectively at Athi-River Primary School and Kwa Mangeli primary schools just to mention but a few.

The two projects named above have been constructed in schools where land is scarce and whereas pupils' population has been exploding day by day.



PROJECT: CONSTRUCTION OF 200 STUDENTS DORMITORY AT ATHI-RIVER PRIMARY SCHOOL.

CONTRACTOR: ALBE ENTERPRISE LTD

APPROVED CONTRACT VALUE: 8,000,000.00

Status

1. The superstructure had been complete up and the roofing had been done.
2. No fixtures had been installed and the finishing's had not been done. I.e. the doors, windows, railings and electric conduits and finishes like the plaster, floors, keying and paint.
3. The contractor had used quality and standard materials on the project and the workmanship was up to standard.
4. The roof of the class had been installed. The frame was well built and the contractor had used box profile iron sheets as per the BQ.
5. The contractor had used waffles on the first floor slab of the classrooms.

RECOMMENDATIONS

1. The dormitory had been constructed to standard as per the B.Qs and the quality of the materials and workmanship was up to standard. The classes should be completed as per the availability of funds.

(g) MAVOKO Constituency NGCDF Bankers

Equity Bank

Branch : EPZ, Athi-River

P.o Box. 75104

Athi-River

(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

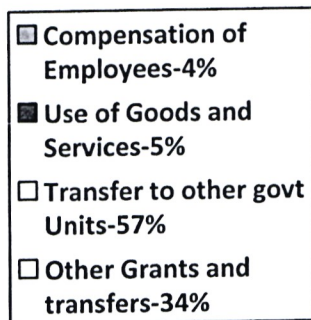
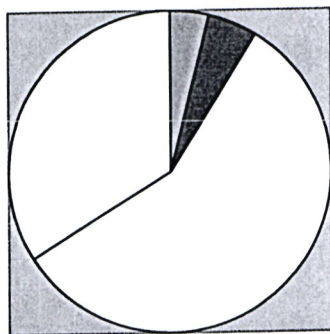


Annual Constituency Allocation

We are pleased to present the unaudited financial statements for Mavoko Constituency for the financial year ended 30th June 2022. During the year, the Constituency was allocated a total of Kshs 137,088,879 which was the normal allocation for the Financial Year 2021/2022, Kshs. 19,394,874 as opening balance(C/Bk) and AIA and Previous year outstanding disbursements of Kshs. 45,088,878 totalling to Kshs. 201,572,632 as the final budget for the year.

Before receipt of funds disbursed by the NGCDF Board, the Mavoko Constituencies Development Fund Committee (NGCDFC); pursuant to the provisions of the National Government CDF Act 2015, as amended in 2016, met and allocated funds to various projects with reference to the priorities of the public participation meetings held across the Constituency.

NORMAL ALLOCATION PER SECTOR F/Y 2021-2022



Sector Prioritization

During the financial year under review, a total of Kshs 78,206,800, opening balance(C/Bk) of Kshs 3,300,000 and previous years outstanding disbursements of Kshs. 18,500,000 all totalling to Kshs. 100,006,800 were allocated as transfers to other Government Units which consist of transfers to primary schools, secondary schools and tertiary institutions. Major physical facilities funded are infrastructure such as classrooms, administration blocks, laboratories, dormitories, toilets, lockers and chairs, desks and equipping of laboratories and libraries.

Funds allocated towards other grants and transfers which consists of Bursary, Mocks and CATs, sports, environment and emergency related to an allocation of Kshs 46,877,184, Kshs 9,279,243 and Kshs.23,533,984 as opening balance and previous years outstanding disbursements

PROJECT: CONSTRUCTION OF 1NO. STOREY CLASSROOM BLOCK COMPRISING OF 4 CLASSROOMS AT KWA MANGELI PRIMARY SCHOOL.

CONTRACTOR: SAWAKA LTD

APPROVED CONTRACT VALUE: 8,500,000.00



Status

1. The superstructure had been complete and the roofing had been done.
2. No fixtures had been installed and the finishing's had not been done, that is the doors, windows, railings and electric conduits and finishes like the plaster, floors, keying and paint.
3. The contractor had used quality and standard materials on the project and the workmanship was up to standard.
4. The roof of the class had been installed. The frame was well built and the contractor had used box profile iron sheets as per the BQ.

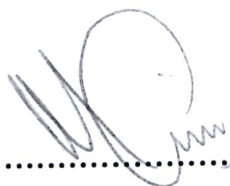
RECOMMENDATIONS

1. The classrooms had been constructed to standard as per the B.Qs and the quality of the materials and workmanship was up to standard. The classes should be completed as per the availability of funds.

Challenges

We have been privileged to witness major exemplary improvements in areas where development was sluggish and poverty rampant; thanks to NGCDFC development goals but we have also experienced various challenges in project implementation and management during the FY 2021/2022. These include, inadequate record keeping by project management committees, failure by some project management committees to comply with the public procurement procedures and regulations as well as delayed submission of the required returns for funds disbursed.

I wish to reiterate that without the undying cooperation and support of the NGCDF Committee, NG-CDFC staff, Project Management Committees and other stakeholders; we would not have been able to achieve the above milestones. Moving forward, the NGCDF Committee will work smarter and strategically to perform much better and achieve excellent performance targets for the Financial Year 2022/2023



.....
Name: Michael Mulei
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 NGCDF-MAVOKO Constituency's 2018-2022 plans are to:

- a) To improve access to education
 - b) To improve learning environment
 - c) To improve working conditions of security personnel.
 - d) To enhance environmental conservation.
 - e) Enhance the talents of youth through sports.
 - f) Improve access to ICT infrastructure
- To improve organizational performance

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 Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary beneficiaries at all 	In FY 21/22 -we increased number of classrooms from 25... to..40... in the following schools/institutions - Bursary beneficiaries at all levels were as per the attached schedules

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.

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

.....

Name: Alex Kioko

FAM

V. Statement of Management Responsibilities

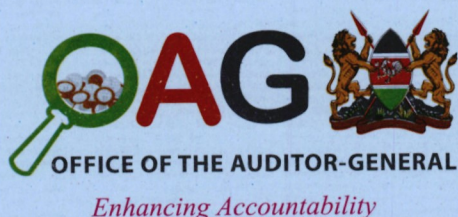
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form 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-MAVOKO 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-MAVOKO 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- MAVOKO 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.

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MAVOKO 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 the National Government Constituencies Development Fund - Mavoko Constituency set out on pages 1 to 37, which comprise of the statement of assets and liabilities as at 30 June, 2022, and the statement

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

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

Basis for Qualified Opinion

1. Anomalies in the Financial Statements

The financial statements as prepared and presented for audit had the following anomalies.

- i. The statement of receipts and payments, the statement of assets and liabilities, statement of cash flows and the summary statement of appropriation have not been signed by the National Government Sub-County Accountant. Further, the ICPAK registration number is missing contrary to the requirements of the financial reporting framework;
- iii. Note 17.4 to the financial statements reflects Project Management Committee (PMC) Account balances totalling Kshs.21,438,320 while Annex 5 of the financial statements reflect balances totalling Kshs.21,808,335 resulting to an unexplained and unreconciled variance of Kshs.370,016.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Inaccuracies in the Financial Statements

The financial statements reflects bank balance of Kshs.13,665,442 as disclosed in Note 10A to the financial statements. However, review of the bank reconciliation statements revealed the following anomalies:

- i. The Bank reconciliation statement for June, 2022 reflects payments in cash book not recorded in bank statement amounting to Kshs.12,164,229. Included in the schedule are stale cheques dating back to 3 June, 2021 totalling to Kshs.1,818,167.00. However, the management did not give reasons for the failure by the beneficiaries to

present the cheques for payment and writing back the stale cheques to the cashbook thereby understating the cash balances.

- ii. Receipts and payments in bank statement not recorded in cash book amounted to Kshs.94,500 and Kshs.2,555,920 respectively. However, no explanation was provided for the failure to update the cash book.
- iii. The bank statements for the year were not reviewed by a senior officer of the Fund as required.
- iv. The Board of survey report was not provided.

In the circumstances, the validity, accuracy and completeness of the bank balance of Kshs.13,665,442 for the year ended 30 June, 2022 could not be confirmed.

3. Misstatement of Staff Costs

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects an amount of Kshs.4,143,156 in respect to compensation of employees. Included in this expenditure is Kshs.257,040 relating to employer contributions to Compulsory National Social Security Schemes. However, payroll analysis showed employer contributions to compulsory National Social Security Schemes amounting to Kshs.128,520 resulting into an unexplained and unreconciled variance of Kshs.128,520.

In the circumstances, the accuracy and completeness of employer contributions to Compulsory National Social Security Schemes of Kshs.257,040 could not be confirmed.

4. Variances Between Financial Statements and Trial Balance Amounts

The financial statements presented for audit had variances with trial balance amounts as tabulated below.

Item	Financial Statements (Kshs.)	Trial Balance (Kshs.)	Variance (Kshs.)
Use of Goods and Services	7,122,056	7,532,556	(410,500)
Acquisition of Assets	2,121,623	1,711,123	410,500
Gratuity	411,804	-	411,804

In the circumstances, the accuracy and completeness of the financial statements components could not be confirmed.

5. Unsupported Sports Project Expenditure

The statement of receipts and payments reflects other grants and transfers of Kshs.75,613,554 as disclosed in Note 7 to the financial statements. Included in this expenditure is an amount of Kshs.5,483,554 which was incurred in sports projects.

However, the procurement documents, store ledgers and counter issue notes in support of the expenditures were not provided for audit to confirm how the goods were procured, received and issued out to users. Further, the bank statement for sports PMC was also not provided for audit.

In the circumstances, the validity, accuracy, and completeness of the sports expenditure of Kshs.5,483,554 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 - Mavoko 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 to report in the year under review.

Other Matter

Unresolved Prior Year's Audit Issues

The audit report for the previous financial year, raised several issues in regard to 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. The Management has not resolved the issues or given explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

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. Un-Surrendered Project Management Committee Bank Account Balances

Annex 5 to the financial statements reflects the Project Management Committee (PMC) account balances of Kshs.21,863,517. Included in the balance is an amount of

Kshs.3,974,251.50 relating to completed projects which ought to have been surrendered to the Fund's main bank account. This is contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that all unutilized funds of the Project Management Committee shall be returned to the Constituency Fund Account.

In the circumstances, Management was breach of the law.

2. Anomalies in Project Implementation

The statement of receipts and payments reflects other grants and transfers of Kshs.75,613,554 as disclosed in Note 7 to the financial statements. However, the following anomalies observed;

2.1. Mlolongo Police Post Phase 3

Included in the amount of Kshs.75,613,554 is Kshs.18,400,000 in respect of security projects, out of which, Kshs.2,000,000 was disbursed to the Project Management Committee (PMC) of Mlolongo phase 3 for completion of police post, plumbing, electrical works and construction of four door toilet. However, the physical verification conducted in the month of March, 2023 revealed that the flooring was poorly done as holes and cracks were noted, the fence was vandalized completely, one toilet door was missing, and the project was not branded.

In the circumstances, value for money from the expenditure of Kshs.2,000,000 could not be confirmed.

2.2. Mlolongo Police Post

Included in the amount of Kshs.75,613,554 is Kshs.18,400,000 in respect of security projects, out of which an amount of Kshs.3,100,000 was disbursed to the Project Management Committee (PMC) for Mlolongo police post for fencing of 1-acre compound with concrete poles, chain link, gate and construction of ablution block costing Kshs.1,100,000. However, the physical verification conducted in the Month of March, 2023 revealed that poor workmanship with the ablution block faulty and not in use and the project not branded.

In the circumstances, value for money from the expenditure of Kshs.1,100,000 could not be confirmed.

3. Unsupported Expenditure-Emergency Projects

The financial statements reflects Kshs.75,613,554 in respect of other grants and other transfers. Included in the amount is Kshs.9,400,000 in respect of emergency projects. However, notification of emergencies and proposal requests to the board were not attached to the payment voucher or project files. It was therefore not possible to confirm whether the funding was actually for projects that were emergency in nature, and how the Committee was made aware of the need.

In the circumstances, value for money on the emergency expenditure of Kshs.9,400,000 could not be confirmed.

4. Failure to Comply with the Ethnic Diversity Rule

Review of records on human resources revealed that the Fund had a total of ten (10) employees out of which, nine (9) or 90% of the workforce were from the dominant ethnic community in the County. This is contrary to the provisions of Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff, and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

5. Late Remittance of Statutory Deductions

The statement of receipts and payments reflects compensation of employees expenditure of Kshs.4,143,156 as disclosed in Note 4 to the financial statements. Review of schedules for remittances of statutory deductions for NSSF revealed that remittances for March and May, 2022 of Kshs.21,600 each were made after set deadlines which is contrary to Regulation 18 (4) of the National Government Constituency Development Fund Regulations, 2016 which states that the officer of the Board seconded to the constituency shall ensure all employees are paid on time, and all statutory deductions are promptly remitted to the relevant authorities.

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

6. Poor Project implementation

Physical inspections of the projects conducted in the month of March, 2023 revealed the following anomalies:

	Project Name	Activity	Amount (Kshs.)	Anomalies Noted
1	KMC DEB Pri. School	Construction of 8 door latrine for teachers	1,100,000	- Specification changed from 8 door latrine to 4 door latrine - Not Labelled
2	Mavoko Sec. School	Construction of deputy principal and principal two bedroomed house	3,900,000	- Not Labelled
3	Kalimani Pri. School	Construction of 2 door toilet	650,000	- Not Labelled

	Project Name	Activity	Amount (Kshs.)	Anomalies Noted
4	Mavoko Pri. School	Rehabilitation of 1 Classroom-Walling, reroofing, finishing works, flooring plastering and painting	1,800,000	- Not Labelled
5	Athi-River Pri. School	Construction of 200 capacity Dormitory	7,100,000	- Poor workmanship on plumbing. sink leaking and ablution not usable

In the circumstances, value for money on the expenditure of Kshs.14,550,000 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters 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

1. Lack of Risk Management Policy

The Fund lacks a risk management policy and does not have a framework for management of risk and therefore it is not possible to identify, assess and control risk.

In the circumstances, the effectiveness of the risk management mechanisms could not be confirmed.

2. Lack of Disaster Recovery Plan

Review of the operations revealed that the Fund did not have in place a disaster recovery plan/ business continuity plan. In the absence of a disaster recovery/business continuity

plan, the Fund lacks a blueprint for identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted.

In the circumstances, the Fund may not be able to mitigate risks in the absence of a disaster recovery plan.

3. Un-updated dated Assets Register

Annex 4 of the financial statements reflects Fund assets valued at Kshs.5,886,293. However, review of the asset register provided revealed that the Fund last updated its asset register in 2019. In addition, ownership documents for the building, structures and motor vehicle were not provided for audit. Further, in the year under review, the Fund purchased computers and ICT equipment costing Kshs.410,000 which have been not included in the assets register.

In the circumstances, the accuracy and completeness of the historical cost of assets valued at Kshs.5,886,293 could not be confirmed.

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the appropriate basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

19 June, 2023

MAVOKO 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	182,177,758	161,367,724
Proceeds From Sale of Assets	2	-	-
Other Receipts	3	=	128,000
Total Receipts		182,177,758	161,495,724
Payments			
Compensation Of Employees	4	4,143,156	5,230,103
Use Of Goods and Services	5	7,122,056	5,309,695
Transfers To Other Government Units	6	98,906,800	86,421,031
Other Grants and Transfers	7	75,613,554	48,840,031
Acquisition Of Assets	8	2,121,623	-
Other Payments	9	=	=
Total Payments		187,907,189	145,800,860
Surplus/(Deficit)		<u>(5,729,431)</u>	<u>15,694,865</u>

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

The Constituency financial statements were approved on _____ 2022 and signed by:

Fund Account Manager

Name: Alex Kioko

National Sub-County Accountant

Name: Erick Ochuka
ICPAK M/No:

Chairman NG-CDF Committee

Name: Michael Mulei

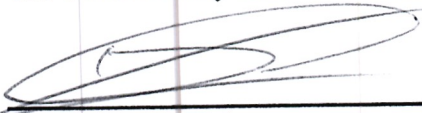
MAVOKO Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

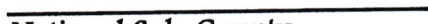
VIII. Statement of Assets and Liabilities As At 30th June, 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	10A	13,665,442	19,394,873
Cash Balances (Cash at Hand)	10B	-	-
Total Cash and Cash Equivalents		13,665,442	19,394,873
Accounts Receivable			
Outstanding Imprests	11	-	-
Total Financial Assets		13,665,442	19,394,873
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	2,045,353	2,045,353
Total Financial Liabilities		2,045,353	2,045,353
Net Financial Assets		<u>11,620,089</u>	<u>17,349,520</u>
Represented By			
Fund Balance B/Fwd	13	17,349,520	1,654,656
Prior Year Adjustments	14	-	-
Surplus/Deficit for The Year		(5,729,431)	(15,694,865)
Net Financial Position		<u>11,620,089</u>	<u>17,349,521</u>

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

The Constituency financial statements were approved on _____ 2022 and signed by:


 Fund Account Manager


 National Sub-County
 Accountant


 Chairman NG-CDF
 Committee

Name: Alex Kioko

Name: Erick Ochuka
 ICPAK M/No:

Name: Michael Mulei

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

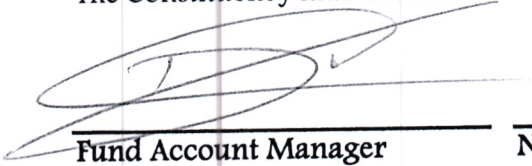
IX. Statement of Cash Flows for the Year Ended 30th June 2022

	Notes	2021 - 2021	2021 - 2021
		Kshs	Kshs
Receipts From Operating Activities			
Transfers From NGCDF Board	1	182,177,758	161,367,724
Other Receipts	3	=	<u>128,000</u>
Total Receipts		182,177,758	161,495,724
Payments			
Compensation Of Employees	4	4,143,156	5,230,103
Use Of Goods and Services	5	7,122,056	5,309,695
Transfers To Other Government Units	6	98,906,800	86,421,031
Other Grants and Transfers	7	75,613,554	48,840,031
Other Payments	9	-	-
Total Payments		185,785,566	145,800,860
Total Receipts Less Total Payments		(3,607,808)	15,694,865
Adjusted For:			
Decrease/(Increase) In Accounts Receivable	15	-	-
Increase/(Decrease) In Accounts Payable	16	-	-
Prior Year Adjustments	14	-	-
Net Cash Flow from Operating Activities		(3,607,808)	15,694,865
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	-	-
Acquisition Of Assets	8	(2,121,623)	-
Net Cash Flows from Investing Activities		(2,121,623)	-
Net Increase In Cash And Cash Equivalent		(5,729,431)	15,694,865
Cash & Cash Equivalent At Start Of The Year	10	19,394,874	3,700,009
Cash & Cash Equivalent At End Of The Year	10	<u>13,665,443</u>	<u>19,394,874</u>

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

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 _____ 2022 and signed by:

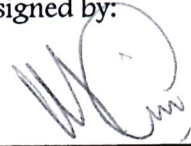


Fund Account Manager

Name: Alex Kioko

**National Sub-County
Accountant**

Name: Erick Ochuka
ICPAK M/No:



**Chairman NG-CDF
Committee**

Name: Michael Mulei

**MAVOKO 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	2021/2022				
Receipts								
Transfers From NGCDF Board	Kshs	137,088,879	Opening Balance (C/Bk) and AIA Kshs	19,394,874	201,572,632	182,177,758	19,394,874	90.4%
Proceeds From Sale of Assets	-	-	Previous Years' Outstanding disbursements Kshs	45,088,879	-	-	-	
Other Receipts	-	-		-	-	-	-	
Totals		137,088,879		19,394,874	201,572,632	182,177,758	19,394,874	90.4%
Payments								
Compensation Of Employees	5,216,001	5,216,001		2,432,875	8,614,877	4,143,156	4,471,721	48.1%
Use Of Goods and Services	6,788,894	6,788,894		2,282,566	11,160,353	7,532,556	3,627,797	67.5%
Transfers To Other Government Units	78,206,800	78,206,800		3,300,000	100,006,800	98,906,800	1,100,000	98.9%
Other Grants and Transfers	46,877,184	46,877,184		9,479,243	79,890,411	75,613,554	4,276,857	94.6%
Acquisition Of Assets	-	-		1,727,190	1,727,190	1,711,123	16,067	99.1%
Other Payments	-	-		-	-	-	-	
Funds Pending Approval**	-	-		173,000	173,000	-	173,000	
Totals		137,088,879		19,394,874	201,572,631	187,907,189	13,665,442	93.2%

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

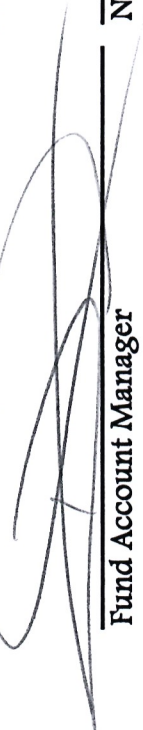
**MAVOKO Constituency
National Government Constituencies Development Fund (NGCDF)
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- (a) Funds awaiting approval constituted of Sale Of Tender for the previous years.
- (b) Compensation of employees (48.1%) are funds balance at cashbook for payment of contractual employees.
- (c) Use of goods and services (67.5%) is balance for payment of utilities.

(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	13,665,442
Less undisbursed funds receivable from the Board as at 30 th June 2022	1
	13,655,442
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2021/2022	13,665,442

The Constituency financial statements were approved on _____ 2022 and signed by:



Fund Account Manager

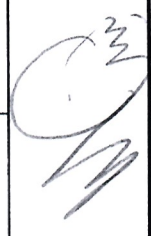
Name: Alex Kioko

**Name: Erick Ochuka
ICPAK M/No:**

National Sub-County Accountant

Chairman NG-CDF Committee

Name: Michael Mulei



MAVOKO Constituency
National Government Constituencies Development Fund (NGCDF)
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XI. Budget Execution by Sectors and Projects for the Year Ended 30th June 2022

Programme/Sub-programme	Original Budget a	Opening Balance (C/Bk) and AIA	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c%
1.0 Administration and Recurrent							
1.1 Compensation of employees	5,216,001	2,432,875	966,001	8,614,877	4,143,156	4,471,721	48%
1.2 Committee allowances	1,497,588	536,914	-	2,034,502	1,875,350	159,152	92%
1.3 Use of goods and services	1,505,472	332,600	-	1,838,072	1,766,566	71,506	96%
Sub-Total	8,219,061	3,302,389	966,001	12,487,451	7,785,072	4,702,379	
2.0 Monitoring and Evaluation							
2.1 capacity Building	1,000,000	1,187,900	500,000	2,687,900	2,383,400	304,500	88.7%
2.2 Committee allowances	1,121,031	59,618	499,316	1,679,965	663,400	1,016,565	39.5%
2.3 Use of goods and services	1,664,803	165,534	1,089,577	2,919,914	843,840	2,076,074	28.9%
Sub-Total	3,785,834	1,413,052	2,088,893	7,287,779	3,890,640	3,397,139	
3.0 Emergency							
3.1 Primary Schools	4,842,207	1,148,241	1,492,207	7,482,655		432,655	94.2%

**MAVOKO Constituency
National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %	7,050,000
		Opening Balance (C/Bk) and AIA					
3.2 Secondary Schools	400,000	1,551,758	1,951,758	400,000	1,551,758	20.5%	
3.3 Tertiary Institutions	-					-	
3.4 Security Projects	1,950,000	-	-	1,950,000	-	-	
Sub-Total	7,192,207	2,699,999	11,384,413	9,400,000	1,984,413		
4.0 Bursary and social security							
4.1 Primary school							
4.2 Secondary School	18,393,200	1,000,000	26,193,200	26,083,500	109,700	99.6%	
4.3 Tertiary Institutions	10,000,000	3,531,244	13,531,244	13,048,500	482,744	96.4%	
4.4. Special Schools	2,000,000	1,148,000	3,148,000	3,148,000	-	100.0%	
4.4. Universities			0				
4.5 Social Security			0				
Sub-Total	30,393,200	5,679,244	42,872,444	42,280,000	592,444		
5.0 Sports	2,741,777	-	5,483,554	5,483,554	-	100.0%	
Sub-Total	2,741,777	-	5,483,554	5,483,554	-		

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

6.0 Environment	Original Budget a	Opening Balance (C/Bk) and AIA	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
Sub-Total							
7.0 Primary Schools Projects							
7.1 Athi-River Primary School	9,100,000	-	-	9,100,000	9,100,000	-	100.0%
7.2 Ivalini Primary School	3,500,000			3,500,000	3,500,000	0	100.0%
7.3 Kavomboni Primary School	2,400,000			2,400,000	2,400,000	0	100.0%
7.4 Kiasa Primary School	2,400,000			2,400,000	2,400,000	0	100.0%
7.5 Kinanie Primary School	2,700,000			2,700,000	2,700,000	0	100.0%
7.6 KMC DEB Primary School	1,100,000			1,100,000	1,100,000	0	100.0%
7.7 Kwa Mangeli Primary School	8,500,000			8,500,000	8,500,000	0	100.0%
7.8 Makilili Primary School	2,400,000			2,400,000	2,400,000	0	100.0%
7.9 Mavoko Primary School	1,800,000			1,800,000	1,800,000	0	100.0%
7.10 Muthwani Primary School	2,400,000			2,400,000	2,400,000	0	100.0%

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

Programme/Sub-programme	Original Budget	Opening Balance (C/Bk) and AIA	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a		b	c=a+b	d	e=c-d	f=d/c%
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
7.11 Nzoiani Primary School	1,100,000			1,100,000	1,100,000	0	100.0%
7.12 Seme Primary School	1,300,000			1,300,000	1,300,000	0	100.0%
7.13 St.Francis of Assisi Primary School	8,500,000			8,500,000	8,500,000	0	100.0%
Sub-Total	47,200,000	0	0	47,200,000	47,200,000	0	
8.0 Secondary Schools Projects							
8.1 Kanaani Secondary School	3,500,000			3,500,000	3,500,000	0	100.0%
8.2 Kinanie Secondary School	2,200,000			2,200,000	2,200,000	0	100.0%
8.3 Lukenya Girls Centre of Excellence	8,000,000			8,000,000	8,000,000	0	100.0%
8.4 Mavoko Secondary School	2,500,000		3,900,000	6,400,000	6,400,000	0	100.0%
8.5 Muthwani Secondary School	5,000,000			5,000,000	5,000,000	0	100.0%
8.6 Kyumbi Secondary School	2,000,000		7,100,000	9,100,000	9,100,000	0	100.0%

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

Programme/Sub-programme	Original Budget a	Opening Balance (C/Bk) and ATA	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c%
8.7 Athi-River Secondary School	7,806,800			7,806,800	7,806,800	0	100.0%
8.8 Ngalalya Sec Sch		2,200,000		2,200,000	2,200,000	0	100.0%
8.9 Katani Secondary School			7,500,000	7,500,000	7,500,000	0	
8.9 St. Augustine Mlolongo High School		1,100,000		1,100,000		1,100,000	0.0%
Sub-Total	31,006,800	3,300,000	18,500,000	52,806,800	51,706,800	1,100,000	
10.0 Security Projects							
10.1 Athi-River Police Station	2,000,000		2,000,000	4,000,000	4,000,000	0	100.0%
10.2 Kambi Police Post	850,000			850,000		850,000	0.0%
10.3 Kiasa Police Post	850,000			850,000		850,000	0.0%
10.4 Kinanie Chief's Office	850,000			850,000	850,000	0	100.0%
10.5 Mlolongo Police Post	2,000,000			2,000,000	2,000,000	0	100.0%
10.6 Syokimau Chiefs Office		1,100,000		1,100,000	1,100,000	0	100.0%
10.7 Mlolongo Police Station			3,100,000	3,100,000	3,100,000	0	100.0%

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

Programme/Sub-programme	Original Budget	Opening Balance (C/SK) and AIA	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %	
		previous years Outstanding Disbursements					
10.8 Mlolongo Phase 3 Police Post		2,000,000	2,000,000	2,000,000	0	100.0%	
10.9 Syokimau Police Station		3,900,000	3,900,000	3,900,000	0	100.0%	
10.10 Lukenya Police Station		0	1,500,000	1,500,000	0		
Sub-Total	6,550,000	1,100,000	12,500,000	20,150,000	18,450,000	1,700,000	
Transfers to Other Government Units							
Other grants and transfers							
Sub-Total	0	0	0	0	0	0	
Acquisition of Assets		1,727,190		1,727,190	1,711,123	16,067	-
Other Payments		0			-		0.0%
Funds pending Approval		173,000		173,000		173,000	
TOTAL	137,088,879	19,394,874	45,088,878	201,572,631	187,907,189	13,665,442	93.2%

(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)

XII. 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-MAVOKO 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 10th June 2021 for the period 1st July 2021 to 30th June 2022 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

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

Significant Accounting Policies continued

14. Errors

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

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

15. Related Party Transactions

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

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XIII. Notes to the Financial Statements

1. Transfers from NGCDF Board

Description	2021-2022	2020-2021
	Kshs	Kshs
NGCDF Board		
AIE NO. B096981		15,000,000
AIE NO. B104645		20,000,000
AIE NO. A823685		34,367,724
AIE NO. B124615		9,000,000
AIE NO. B119572		10,000,000
AIE NO. B119964		12,000,000
AIE NO. B128205		6,900,000
AIE NO. B129167		6,000,000
AIE NO. B132260		6,000,000
AIE NO. B138929		12,000,000
AIE NO. B126222		7,000,000
AIE NO. B105017		11,100,000
AIE NO. B140660		12,000,000
AIE NO. B105212	33,000,000	
AIE NO. B105513	44,000,000	
AIE NO. B128937	12,000,000	
AIE NO. B128623	5,000,000	
AIE NO. B105871	22,000,000	
AIE NO. B154133	12,000,000	
AIE NO. B164364	18,000,000	
AIE NO. B155894	24,088,879	
AIE NO. B155998	12,088,879	
TOTAL	187,177,758	161,367,724

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2. Proceeds From Sale of Assets

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

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from sale of tender documents	-	128,000
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	128,000

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Notes To the Financial Statements (Continued)

4. Compensation Of Employees

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,474,312	3,551,305
Personal allowances paid as part of salary		
House Allowance	-	-
Transport Allowance	-	-
Leave allowance	-	-
Gratuity to contractual employees	411,804	1,364,518
Employer Contributions Compulsory national social security schemes	257,040	314,280
Total	4,143,156	5,230,103

5. Use Of Goods and Services

	2021-2022	2020-2021
	Kshs	Kshs
Utilities, supplies and services	450,000	420,615
Electricity	75,000	-
Water & sewerage charges	-	2,000
Office rent	-	-
Communication, supplies and services		18,900
Domestic travel and subsistence	150,000	91,800
Rentals of produced assets	-	-
Training expenses	1,923,500	1,164,400
Hospitality supplies and services	309,900	-
Other committee expenses	1,638,750	663,900
Committee allowance	1,080,000	1,964,000
Insurance costs	144,680	160,760
Office and general supplies and services	563,574	150,000
Fuel, oil & lubricants	250,000	50,000
Other operating expenses	400,000	300,000
Routine maintenance – vehicles and other transport equipment	136,652	313,320
Routine maintenance – other assets	-	-
Total	7,122,056	5,309,695

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Notes To The Financial Statements (Continued)

6. Transfer To Other Government Units

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	47,200,000	58,373,677
Transfers To Secondary Schools (See Attached List)	51,706,800	28,047,354
Transfers To Tertiary Institutions (See Attached List)	-	-
Total	98,906,800	86,421,031

7. Other Grants and Other transfers

	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	26,083,500	13,139,000
Bursary – tertiary institutions (see attached list)	13,048,500	10,230,000
Bursary – special schools (see attached list)	3,148,000	-
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	-
Security projects (see attached list)	18,450,000	15,773,677
Sports projects (see attached list)	5,483,554	2,247,354
Environment projects (see attached list)	-	-
Emergency projects (see attached list)	9,400,000	7,450,000
Total	75,613,554	48,840,031

8. Acquisition Of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	1,711,123	-
Purchase of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	410,500	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Acquisition of Land	-	-
Total	2,121,623	-

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Notes To the Financial Statements (Continued)

9. Other Payments

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

10: Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
10A: Bank Accounts (Cash Book Bank Balance)		
<i>Equity Bank, EPZ Branch, Account No. 1490262115144</i>	13,665,442	19,394,873
Total	13,665,442	19,394,873
10 B: Cash on Hand		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>Specify</i>)	-	-
Total	-	-
<i>[Provide Cash Count Certificates for Each]</i>		

11: Outstanding Imprests

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

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

Notes to the Financial Statement Continued

12A. Retention

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

[Provide short appropriate explanations as necessary.]

12B. Gratuity

	2021-2022	2020-2021
	KShs	KShs
Gratuity as at 1 st July (A)	2,045,353	2,045,353
Gratuity held during the year (B)	411,804	1,516,131
Gratuity paid during the Year (C)	411,804	1,516,131
Closing Gratuity as at 30 th June D= A+B-C	2,045,353	2,045,353

[Provide short appropriate explanations as necessary]

13. Balances Brought Forward

	2021-2022 (1 st July 2021)	2020-2021 (1 st July 2020)
	Kshs	Kshs
Bank accounts	17,349,520	3,700,009
Cash in hand	-	-
Imprest	-	-
Total	17,349,520	3,700,009

[Provide short appropriate explanations as necessary]

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14. Prior Year Adjustments

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

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

15. Changes in Accounts Receivable – Outstanding Imprests

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

16. Changes in Accounts Payable – Deposits and Retentions

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

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Notes to the Financial Statements (Continued)

17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

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

17.2: Pending Staff Payables (See Annex 2)

	2021-2022	2020-2021
	Kshs	Kshs
NGCDFC Staff	1,339,200	1,582,279
Others (<i>specify</i>)	-	-
Total	1,339,200	1,582,279

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	4,471,721	3,398,876
Use of goods and services	3,627,797	4,616,459
Amounts due to other Government entities (see attached list)	1,100,000	21,300,000
Amounts due to other grants and other transfers (see attached list)	4,276,857	33,268,226
Acquisition of assets	16,067	-
Funds pending approval	173,000	-
Total	13,665,442	64,483,752

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17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	21,438,320	31,360,912
Total	21,438,320	31,360,912

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

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

Annex 2 - Analysis of Pending Staff Payables

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Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2022	Comments
NG-CDFC Staff				
1. George Muisu	Project Administrator	March,2017	141,360	Contract not lapsed
2. Philip Muniyao	Driver	March,2017	148,800	Contract not lapsed
3. Brigitta Mutwota	Procurement assistant	March,2017	148,800	Contract not lapsed
4. Patricia Malia	Clerical Officer	November,2017	141,360	Contract not lapsed
5. Yvonne Mulei	Administrative Assistant	November,2017	200,880	Contract not lapsed
6. Vincent Nzioki	Clerk of works	March,2018	148,800	Contract not lapsed
7. Damaris Muthoka	Office secretary	March,2018	81,840	Contract not lapsed
8. Joseph Kioko	Accounts Assistant	December,2019	163,680	Contract not lapsed
9. Mohammed Wako	Clerical Officer	March, 2018	81,840	Contract not lapsed
10. Moses Kilonzo	Clerical Officer	March,2018	81,840	Contract not lapsed
Sub-Total			1,339,200	
Grand Total			1,339,200	

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		4,471,721	3,398,876	Cashbook Balance
Use of goods & services		3,627,797	4,616,459	Cashbook Balance
Amounts due to other Government entities				
St.Augustine Mlolongo Secondary School		1,100,00	600,000	Cashbook Balance
Katani Secondary School			7,500,000	
Kyumbi Secondary School			7,100,000	
Mavoko Secondary School			3,900,000	
Ngalalya Secondary School			2,200,000	
Sub-Total				
Amounts due to other grants and other transfers				
Bursary		592,244	12,300,000	Cashbook balance
Emergency		1,984,413	2,126,449	Cashbook balance
Sports		-	2,741,778	Cashbook balance
Security				
Athi-River DCC Residence			1,000,000	
Athi-River Police Station			2,000,000	
Githunguri Jetview Police			1,500,000	
Mlolongo Phase 3 Police			2,000,000	
Syokimau Police Station			3,900,000	
Syokimau Chiefs Office			1,100,000	
Lukenya Police Post			1,500,000	

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Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Kambi Police Post		850,000		
Kiasa Police Post		850,000		
Sub-Total		4,276,857	33,268,227	
Acquisition of assets		16,067	1,727,190	Cashbook balance
Others (<i>specify</i>)				
Sub-Total				
Funds pending approval		173,000	173,000	
Grand Total		13,665,442	64,483,752	

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Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2020/21	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2021/22
Land				
Buildings and structures	4,000,000			4,000,000
Transport equipment				
Office equipment, furniture and fittings	1,886,293			1,886,293
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	5,886,293			5,886,293

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

PMC	Bank	Account number	Bank Balance 2021/2022	Bank Balance 2020/2021
Kyumbi Police Post	EQUITY	1490278951311		175,947
Kalimani Primary School	EQUITY	1490266492887	33,054	33,053
Kiasa Primary School	EQUITY	1490264436485		32,221
Mathatani Secondary School	EQUITY	0600262583653		4,020
Ivovoani Secondary School	EQUITY	1490279867308		1,769,718
Mavoko SNP Primary School	EQUITY	1490280803203		539,110
St. Pauls primary school	EQUITY	1490280627210		5,558,177
Kiasa Primary School	EQUITY	1490264436485	1,278,918	32,221
Wathia Primary School	EQUITY	1490263680233		348,779
Katani Primary School	EQUITY	1490267012935	4,261	2,282,544
Kamulu Primary School	EQUITY	1490263815933		1,106,903
Kaiani Primary School	EQUITY	1490279980143		3,728
Kavomboni Primary School	EQUITY	1490279980189	2,402,412	2,411
Muthwani Primary School	EQUITY	1490268581644	972,921	6,364
Nthuluni Primary School	EQUITY	1490266493007		28,348
Ngalalya Primary School	EQUITY	1490280193546		428
Kasuitu Primary School	EQUITY	1490262824814		9,138
Kyumbi Primary School	EQUITY	1490277510622		113,484
Mlolongo Primary School	EQUITY	1490275974284		683
Seme Primary School	EQUITY	1490262581906		1,973,732
Kasuitu Primary School	EQUITY	1490262824814		9,138
Athi-River Primary School	EQUITY	1490280108314	147,949	1,302,551

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PMC	Bank	Account number	Bank Balance 2021/2022	Bank Balance 2020/2021
Mitatini Primary School	EQUITY	1490280803203		539,110
Ngwata Primary School	EQUITY	1490262168409		400,314
Githunguri Jetview Primary School	EQUITY	1490262865736		413,703
Kanaani Primary School	EQUITY	1490264249106		2,451,256
Nzoiani Primary School	EQUITY	1490280938748		2,283,035
Mavoko Primary School	EQUITY	1490263696093	90,400	1,800,632
Ngelani ranch Sec School	EQUITY	1490279903755		1,343,849
Mavoko Secondary School	EQUITY	1490263706234	169,456	5,538
Ndovoini secondary school	EQUITY	1490281001568		97,038
Ivovoani secondary school	EQUITY	1490279867308		1,769,718
Kanaani secondary school	EQUITY	1490281001540	3,522,438	2,200,000
DCC's Residence-Mavoko Security	EQUITY	1490273207283		91,703
Mlolongo Phase 3 Police post	EQUITY	1490279332731	262,272	42,736
Joska Police Post	EQUITY	1490279905903		14,751
Kinanie Police Post	EQUITY	1490279332760	946,471	1,760
Githunguri Police Post	EQUITY	1490279332742		4,300
Kyumbi Police Post	EQUITY	1490278951311		175,947
Lukenya Police Post	EQUITY	1490279332712	257	1,087,785
Sports	EQUITY	1490263830547	67,091	2,487
Athi-River Secondary School	EQUITY	1490280108314	87,243	1,302,552
Kinanie Primary School	EQUITY	1490268838895	13,534	
Nzoiani Primary School	EQUITY	1490280938748	200,579	
Seme Primary School	EQUITY	1490262581906	6,296	

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PMC	Bank	Account number	Bank Balance 2021/2022	Bank Balance 2020/2021
St.Francis of Assis Primary School	EQUITY	1490263815863	518,776	
Kwa mangeli Primary School	EQUITY	1490282066857	675,062	
KMC DEB Primary School	EQUITY	1490279767762	13,528	
Makilili Primary School	EQUITY	1490271705754	303,139	
Ivalini DEB Primary School	CO-OPERATIVE	01141265729900	2,433	
Ngalalya Secondary School	EQUITY	1490281025332	0	
Kyumbi Secondary School	EQUITY	1490262540051	263,678	
Katani DEB Secondary School	EQUITY	1490267012935	374,274	
Kinanie Secondary School	CO-OPERATIVE	01141265884900	52,752	
Lukenya Girls Centre of Excellence	EQUITY	1490266840330	688,217	
Muthwani Secondary School	EQUITY	1490265170841	5,000,606	
Syokimau Police Post	EQUITY	1490279332698	2,242,828	
Athi-River Police post-Security	EQUITY	1490273207283	1,472,615	
Empakasi Primary School	EQUITY	1490264001282	50,060	
Total			21,808,335	31,360,912

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Annex 6: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
NG-CDF/MAVOKO/2 017/2018(4)(1)	INCONSISTENCY in numbering notes to the financial statements	The notes were correctly numbered and revised the financial statements	resolved	
NG-CDF/MAVOKO/2 017/2018(4)(2)	Inaccuracies in the financial statements	The differences in total receipts and cashand cash equivalents were from sale of tender documents	resolved	
NG-CDF/MAVOKO/2 017/2018(4)(3)	Stale cheques unreversed or replaced	The stale cheques were replaced on October and bursary allocated to new needy applicants	resolved	
NG-CDF/MAVOKO/2 017/2018(4)(4)	Budget performance –budget shortfall	The shortfall was as a result of delay in release of funds from the board	resolved	
NG-CDF/MAVOKO/2 017/2018(4)(5)	Lack of risk management policy and disaster recovery plan	The management is adopting boards risk management platform and ensuring backup are installed to guard data loss	resolved	
NG-CDF/MAVOKO/2 017/2018(4)(6)	Project implementation Projects implemented but there is evidence of poor workmanship	The projects had just been completed and some defect liability period not over	resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
NG-CDF/MAVOKO/2 017/2018(4)(7)	Purchase of school bus for lukenya Girls centre of excellence-The bus having no evidence of handing over	hence chance to compel the contractors to correct the issues while others due to usage of metallic chairs floor screed wear out faster hence future to use terrazzo of tiles The bus was ready for collection but schools had closed during covid 19 epidemic closure hence the bus could not have been collected to be taken to school when closed later on opening they collected and its in use	resolved	
NG-CDF/MAVOKO/2 017/2018(4)(8)	Unapproved reallocation to mlolongo police post	This was an issue of police moving from chief camp when administration police and regular police were merged	resolved	

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Name: Alex Kioko
Fund Account Manager.