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REPORT	
TABLED BY:	Deputy Leader of Majority Party
CLERK OF THE HOUSE:	Benson Inzofu

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – SOUTH MUGIRANGO
CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE, 2023**



SOUTH MUGIRANGO CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2023

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

*South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

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I. Acronyms and Abbreviations

NG-CDF- National Government Constituency Development Fund

PFM- Public Finance Management

IPSAS- International Public Sector Accounting Standards.

PMC-Project Management committee

FY-Financial Year

II. 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 2022. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided 'under Article 206 (2) (c) of the Constitution;

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- 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 South Mugirango Constituency NGCDF day-to-day management is under the following key organs:

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

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Francis Ogutu Onyango
2.	Sub-County Accountant	Richard Nyachoti
3.	Chairman NGCDFC	Teresa Mose Bochere
4.	Member NGCDFC	Ezekiel Mogere Ombaso

(c) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of South Mugirango 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.

(d) South Mugirango Constituency NG-CDFC Headquarters

P.O. Box 991-40200
CDF Office Complex Building
Kamagambo Etago Road
Nairobi, KENYA

(e) South Mugirango Constituency NGCDF Contacts

Telephone: (254) 725912723
E-mail: cdfsouthmugirango@ngcdf.go.ke
Website: www.ngcdf.go.ke

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(f) South Mugirango Constituency NGCDF Bankers

Cooperative Bank of Kenya
Rongo Branch
P.O.Box
Rongo

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

III. NG-CDFC Chairman's Report



TERESA MOSE
NGCDFC CHAIR

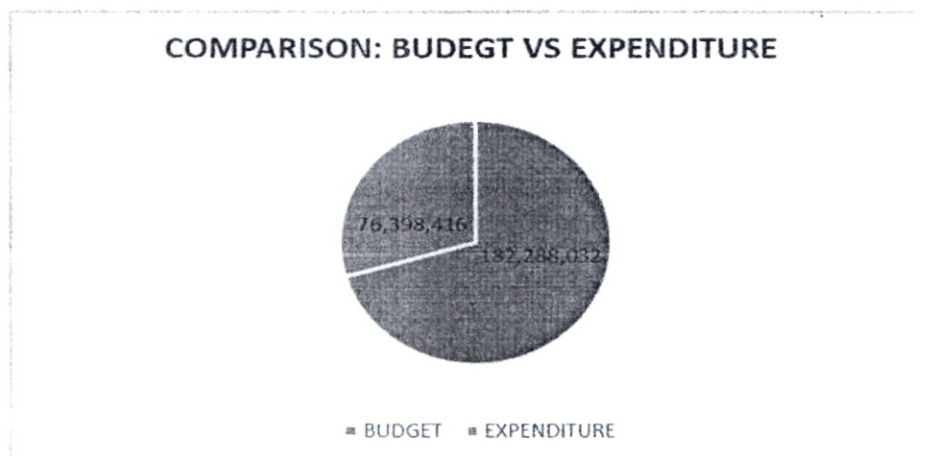
It is my pleasure to present to you South Mugirango NG-CDFC annual report and financial statements for the financial year 2022-2023.

In the financial year 2022-2023, South Mugirango had a Final budget of Ksh 182,288,032 comprising of Ksh 30,327,858 from previous financial year 2021-2022 Ksh 151,960,174 for the financial year 2022-2023

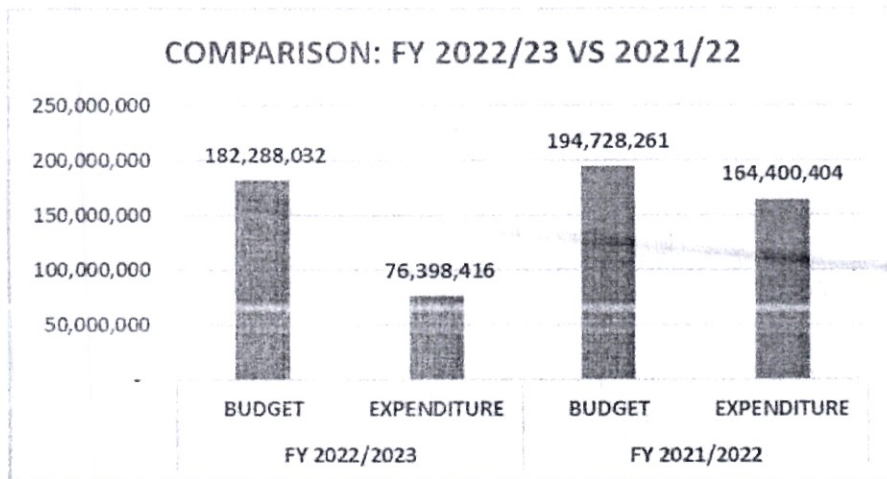
During the year under review, we disbursed Kshs 76,398,415 to bursaries and projects from the previous financial year 2021/22

GRAPHICALLY

A. COMPARISON BETWEEN BUDGET AND EXPENDITURE FY 2022/23



B. BOMPARISON BETWEEN FY 2022/23 VS 2021/22: BUDGET VS EXPENDITURE



○ **KEY ACHIEVEMENT**

During the financial year under review 2022-2023 the Committee managed only to implement project carried forward for the financial year 2021-2022 and partial bursary for the financial year 2022-2023

EMERGING ISSUES:

Emerging issues include:

- High demand for bursary due to high poverty index.
- High cost of building materials due making the cost of building a classrooms higher and hence less number are allocated funds in the Financial Year

CHALLENGES AND WAY FORWARD

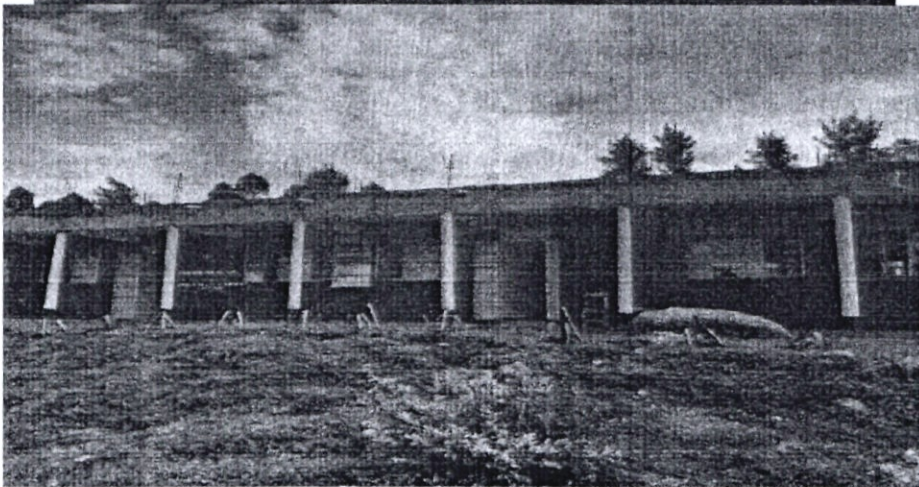
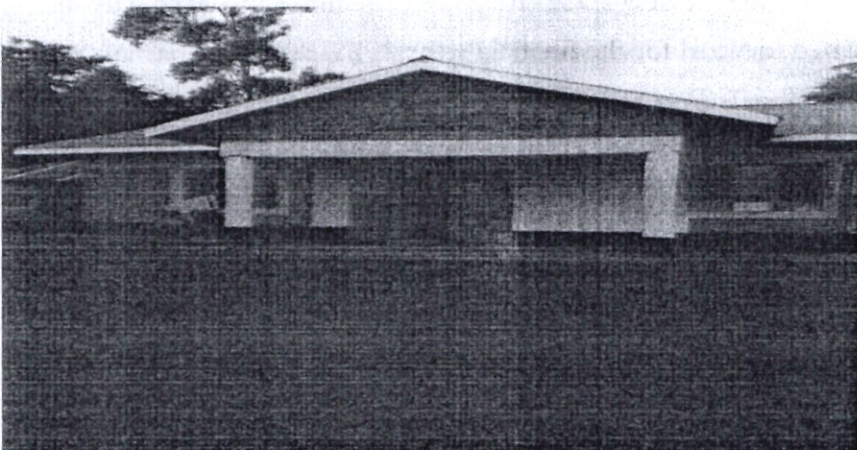
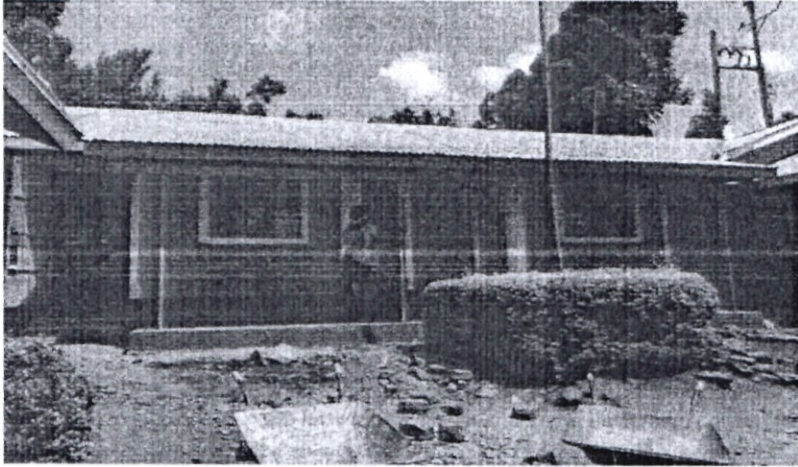
The serious challenge implementation challenge witnessed by the committee during the financial year is the late disbursement of funds of which majority was disbursed in the last week of the financial year ,this negatively impacted on the funds absorption and non implementation of projects on time as intended.

The NGCDF BOARD should therefore endeavour to ensure timely disbursement of funds to the committee for timely implementation of projects.

○ **SAMPLE OF THE PROJECTS IMPLEMENTED**

However the committee successfully implemented previous year projects whose funds were received in the financial year under review as depicted in the following pictures

1. BOGISERO GETEMBE PRIMARY SCHOOL COMPLETION OF
ADMINISTRATION BLOCK



• TERESA MOSE BOCHERE
CHAIRMAN NGCDF COMMITTEE

IV. Statement Of Performance Against Predetermined Objectives for FY2022/2023

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 South mugirango *Constituency 2022-2023* plan are to:

- Improve the quality of education and management of public learning institutions
- Improving local security and administration
- Initiating value addition programs for agricultural produce
- Protection of environment and natural resources
- Promotion of sports and sports education

a) Expanding social protection

Creating Strategic partnership to enhance service delivery.

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"> - Increased allocation of funds to Improved physical infrastructure in primary, secondary, and tertiary institutions - Increased bursary allocation to beneficiaries at all levels 	In FY under review we were only able to implement few projects from the FY 2021/22 by constructing 4 classrooms in primary and secondary, disbursed bursary to over 4,000 beneficiaries
Security	Constructing modern accommodation facilities for	Improved security and increased security patrols.	Number of Accommodation facilities and administration	In the financial year under review did not implement any security projects

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	security officers		offices constructed	due to late disbursement of funds
Environment	Purchase, supply and planting of tree seedling	Improved and clean environment	Number of planted tree seedlings	In the financial year under review, the management were not able to achieve this objective due to late disbursement of funds to this vote.
Sports	Organizing annual constituency sports event	Engaging every category in active sporting within and outside the constituency.	Number sports events organized within the constituency	In the financial year under review we held soccer event in all six wards within the constituency and one final to determine the overall champion.

V. Statement of Governance

Appointment of NG-CDFC

The establishment of the National Government Constituency Development fund Committee consist of;

- a) The national Government official responsible for the coordination of national government functions.
- b) Two men each nominated in accordance with sub section(3)of the NG CDF Act 2015,one of whom shall be a youth at the date of appointment.
- c) Two women nominated in accordance with subsection (3),one of whom shall be a youth at the date of appointment.
- d) One person with disability nominated by a registered group representing persons with disabilities in the constituency in accordance with sub section (3) of the Act
- e) Two persons nominated by the constituency established under regulations made pursuant to the parliamentary service Act.
- f) The officer of the board seconded in the constituency committee by the board who shall be an ex-officio member without a vote.
- g) One member co opted by the board in accordance with the regulations made by the board.

The quorum of the constituency committee shall be one half of the total membership.

The term of office of the members of the constituency committee shall be two years and shall be renewable but shall expire upon the appointment of a new constituency committee in the manner provided for in the act or as may be approved by the board.

Whenever a vacancy occurs in the constituency committee by reasons of resignation, incapacitation or demise of a member, the vacancy shall be filled from the same category of persons where the vacancy has occurred within a period of thirty days.

The constituency committee shall meet at least six times in a year but the committee shall not hold more than twenty four meetings in the same financial year including sub committee meetings.

Removal from office;

A member of the constituency office may be removed from office on any one or more of the following grounds;

- a. Lack of intergrity
- b. Gross misconduct
- c. Embezzlement of public funds

- d. Bringing the committee into disrepute through unbecoming personal public conduct.
- e. Promoting unethical practices
- f. Causing disharmony within the committee
- g. Physical or mental infirmity

A decision to remove a member under subsection (13) shall be made through a resolution of at least five members of the committee and the member sought to be removed shall be given a fair hearing before the resolution is made.

Dissolution of constituency Committee

A person may present a petition to the board for the dissolution of a constituency committee setting out the alleged facts constituting any one or more of the following grounds for dissolution

- a) A serious violation of the constitution or any other law including a contravention of chapter Six
- b) Gross misconduct, whether in performance of the member's or office holder's function or otherwise ;
- c) Incompetence
- d) Bankruptcy or
- e) Any other cause as may be deemed justifiable

Functions of the NG CDFC

- i. Capacity build Project Management Committees and sensitize the Community on the operations of the Fund
- ii. Consider all project proposals from all wards in the constituency and any other projects which the Committee considers beneficial to the constituency;
- iii. Ensure that all projects, proposed and approved for funding meets the requirements of Section 24 of the Act.
- iv. Ensure Project proposals submitted to the Board include detailed budget proposal, procurement and work plans
- v. Consult with relevant government departments to ensure that cost estimates for the projects are realistic
- vi. Monitor the implementation of projects as per the Monitoring and Evaluation framework prescribed by the Board;
- vii. Receive and address complaints concerning the implementation of projects and collectively respond to audit queries concerning the Fund at the Constituency level;
- viii. Ensure labelling of projects as per guidelines issued by the Board;
- ix. Recruit staff as per Section 45 of the Act.

VI. Environmental and Sustainability Reporting

South Mugirango 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 South Mugirango NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** South Mugirango NGCDF 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 marginalized 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.

Environmental performance

The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NGCDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums ones in the academic calendar.

- The NG-CDFC 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.

2. Employee welfare

We invest in providing the best working environment for our employees. South Mugirango 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.

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

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

3. Market place practices-

South Mugirango NGCDF Constituency is committed to fair and ethical market practices.

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 practices 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 honoring 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 honoring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interest

4. Community Engagements-

South Mugirango NGCDF has endeavored 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.

South Mugirango NGCDF have continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



.....
Name: Francis Onyango
Fund Account Manager.

VII. 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-South Mugirango 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, 2023. 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-South Mugirango 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, 2023, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- South Mugirango 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 South Mugirango 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

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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- South Mugirango Constituency financial statements were approved and signed by the Accounting Officer on 30th June 2023



.....
Name: Teresa Mose Bochere
Chairman – NGCDF Committee



.....
Name: Francis O. Onyango
Fund Account Manager

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SOUTH MUGIRANGO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2023

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 - South Mugirango Constituency set out on pages 1 to 78, which comprise of the statement of assets and liabilities as at 30 June, 2023 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 - South Mugirango Constituency as at 30 June, 2023, 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 (Amended 2022) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Project Management Committee Account Balances

Note 19.4 and Annex 5 to the financial statements reflects Project Management Committee (PMC) bank balances totalling Kshs.17,208,174 which include several accounts balance amounting to Kshs.7,738,546 whose supporting certificates of bank balances and bank statements were not provided for audit.

In the circumstances, the accuracy of PMC bank balance of Kshs.17,208,174 could not be confirmed.

2. Irregular Allocation of Bursaries

The statement of receipts and payments reflects other grants and transfers amounting to Kshs.50,922,045 as disclosed in Note 8 to the financial statements. The amount includes bursary to secondary schools totalling Kshs.14,727,261 out of which an amount of Kshs.2,000,000 was disbursed to Nduru Girl's High School. However, review of bursary payments at the school revealed that the amount was not distributed as per the list of beneficiaries approved by the NG-CDF Bursary Vetting Sub-Committee while nine (9) students were irregularly allocated bursaries amounting to Kshs.146,215.

Further, an amount of Kshs.917,000 disbursed to Ndonyo Secondary School was not credited to the beneficiaries' school fees accounts. The intended beneficiaries may have been unfairly denied the allocated school fees.

In the circumstances, the accuracy and regularity of the expenditure of Kshs.2,917,000 for the year ended 30 June, 2023 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 - South Mugirango 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.

Emphasis of Matter

1. Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.182,288,032 and Kshs.121,327,857 respectively, resulting to an under-funding of Kshs.60,960,175 or 33% of the budget. Similarly, the Fund spent a balance of Kshs.78,223,575 against actual receipts of Kshs.121,327,857, resulting to an under-utilization of Kshs.43,104,282 or 36% of the receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to public.

2. Late Disbursement of Funds

The statement of receipts and payments reflects transfers from National Government Constituencies Development Fund Board amount of Kshs.99,300,000 which includes Kshs.46,000,000 received by the Fund in the month of June, 2023. This amount comprises of Kshs.12,000,000, Kshs.18,000,000 and Kshs.16,000,000 released by the Board on 04 June, 15 June, and 21 June, 2023 respectively. In addition, other transfers amounting to Kshs.43,334,043 were disbursed by the Board in the months of August and December, 2023.

In the circumstances, the late disbursement of Funds may have affected the implementation of the planned activities and projects.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

The audit report for the previous year highlighted several issues in respect of the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources Management has not resolved the issues or provided explanation for failure to implement the recommendations.

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

Failure to Implement Approved Projects

The budget execution by sectors and projects schedule reflects an allocation of Kshs.48,790,794 for thirty-two (32) projects identified for implementation under environment, primary and secondary schools, security and other projects were not implemented during the year.

In the circumstances, the public may not have realized the expected benefits that may accrue from the implementation of the projects amounting to Kshs.48,790,794.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether 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 governance.

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

sustainability of services and using the applicable 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.

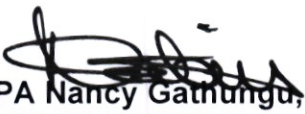
Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 June, 2024

*South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

VIII. Statement Of Receipts and Payments for the Year Ended 30th June 2023

	Note	2022-2023	2021-2022
		KSh	
RECEIPTS			
Transfers from NGCDF Board	1	99,300,000	174,977,758
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	150,000
TOTAL RECEIPTS		99,300,000	175,127,758
PAYMENTS			
Compensation of employees	4	2,536,334	4,019,566
Committee expenses	5	4,316,280	4,350,405
Use of goods and services	6	2,681,573	3,956,622
Transfers to Other Government Units	7	17,187,344	98,669,288
Other grants and transfers	8	50,922,045	53,404,523
Acquisition of Assets	9	580,000	-
Oversight committee expenses	10	-	-
Other Payments	11	-	-
TOTAL PAYMENTS		78,223,575	164,400,404
SURPLUS/DEFICIT		21,076,425	10,727,354

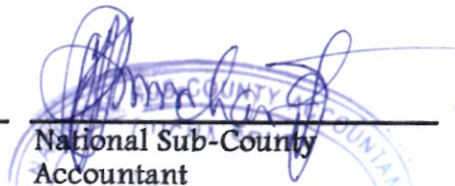
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by the NGCDFC on 30th June 2023 and signed by:



Fund Account Manager

Name: Francis O. Onyango



National Sub-County Accountant

Name: Richard Nyachoti
ICPAK M/No: 22037



Chairman NG-CDF Committee

Name: Teresa Mose Bochere

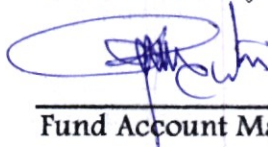
*South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

IX. Statement Of Assets and Liabilities As At 30th June, 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	43,104,282	22,027,857
Cash Balances (cash at hand)	12B	-	-
Total Cash and Cash Equivalents		43,104,282	22,027,857
Accounts Receivable			
Outstanding Imprests	13	-	-
TOTAL FINANCIAL ASSETS		43,104,282	22,027,857
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	14A	-	-
Gratuity	14B	-	-
NET FINANCIAL ASSETS		43,104,282	22,027,857
REPRESENTED BY			
Fund balance b/fwd 1st July...	15	22,027,857	11,300,503
Prior year adjustments	16	-	
Surplus/Deficit for the year		21,076,425	10,727,354
NET FINANCIAL POSITION		43,104,282	22,027,857.00

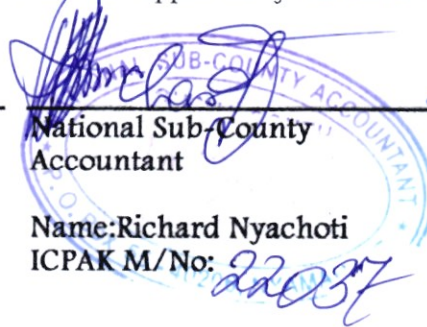
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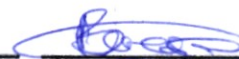
Fund Account Manager

Name: Francis O. Onyango



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Name: Richard Nyachoti
ICPAK M/No: 22037



Chairman NG-CDF Committee

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South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

X. Statement Of Cash Flows for The Year Ended 30th June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	99,300,000	174,977,758
Other Receipts	3	-	150,000
		99,300,000	175,127,758
Payments for operating activities			
Compensation of Employees	4	2,536,334	4,019,566
Committee expenses	5	4,316,280	4,350,405
Use of goods and services	6	2,681,573	3,956,622
Transfers to Other Government Units	7	17,187,344	98,669,288
Other grants and transfers	8	50,922,045	53,404,523
Oversight committee expenses	10		
Other Payments	11	-	-
		77,643,575	164,400,404
Adjusted for:			
Decrease/(Increase) in Accounts receivable	17	-	-
Increase/(Decrease) in Accounts Payable	18	-	-
Prior year Adjustments	16	-	-
Net Adjustments		-	-
Net cash flow from operating activities		21,656,425	10,727,354
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(580,000)	-
Net cash flows from Investing Activities		(580,000)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		21,076,425	10,727,354
Cash and cash equivalent at BEGINNING of the year	15	22,027,857	11,300,503
Cash and cash equivalent at END of the year		43,104,282	22,027,857

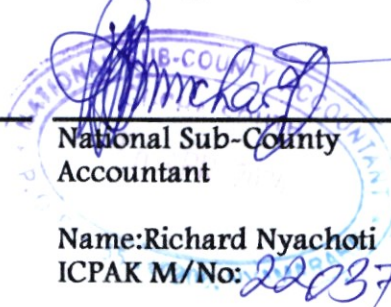
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on 30th July 2023 and signed by:



Fund Account Manager

Name: Francis O. Onyango



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Name: Richard Nyachoti
ICPAK M/No: 22037



Chairman NG-CDF Committee

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South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
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XI. Summary Statement of Appropriation for The Year Ended 30th June 2023

Receipt/Expense Item	Original Budget	Amendment	Total Budget	Actual on Comparison Basis	Budget Utilisation Difference	% of Utilisation
RECEIPTS						
Transfers from NG-CDF Board	151,960,174	22,027,858	8,300,000	182,288,032	121,327,857	60,960,175
Proceeds from Sale of Assets				-	-	0.0%
Other Receipts				-	-	#DIV/0
TOTAL RECEIPTS	151,960,174	22,027,858	8,300,000	182,288,032	121,327,857	60,960,175
PAYMENTS						
Compensation of Employees	4,405,396	1,162,361	-	5,567,757	2,536,334	3,031,423
Committee expenses	3,490,753	4,924	-	3,495,677	4,316,280	(820,603)
Use of goods and services	5,780,266	650,057	-	6,430,323	2,681,573	3,748,751
Transfers to Other Government Units	41,867,454	16,387,344	-	58,254,798	17,187,344	41,067,454
Other grants and transfers	67,484,794	2,494,090	-	69,978,884	50,922,045	19,056,839
Acquisition of Assets	-	629,082	-	629,082	580,000	49,082
Oversight Committee expenses	1,519,602	-	-	1,519,602		1,519,602
Other Payments	1,950,000	700,000	-	2,650,000	-	2,650,000
Funds Not yet Approved	25,461,909	-	8,300,000	33,761,909		33,761,909
TOTAL	151,960,174	22,027,858	8,300,000	182,288,032	78,223,575	104,064,457

***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.*

South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

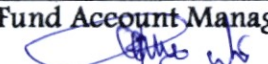
Explanatory Notes.

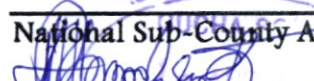
- (a) Transfer to other government units disbursement less than 90% since there was delay in release of funds by the Board due to Electioneering period
- (b) Employee salaries at 45.6% with the utilization difference being staff gratuity
- (c) Committee expenses is above 100% due to allowances paint to committee from sports during sporting activities as allowances
- Other grants and transfer less than 90% utilization since there was delay in release of funds by the Board due to Electioneering period
- e) Acquisition of assets at 92.2% since NG-CDF office asset was purchased
- f) Oversight at 0% since the committee had not been appointed
- g) Strategic plan under other payments is at 0% and is yet to be implemented

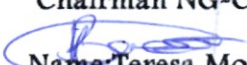
(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.)
 The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported 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	104,064,457
Less undisbursed funds receivable from the Board as at 30th June 2023	60,960,175
	43,104,282
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2022/2023	43,104,282

The Constituency financial statements were approved by NG CDFC on _____ 2023 and signed by:

Fund Account Manager

 Name: Francis O. Onyango

National Sub-County Accountant

 Name: Richard Nyachoti
 ICPAK M/No: 22737

Chairman NG-CDF Committee

 Name: Teresa Mose Bochere

*South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

XII. Budget Execution By Sectors And Projects For The Year Ended 30th June 2023

Programme/Sub-programme	Original Budget(a)		Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)
	2022-2023	Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements	2022-2023	2022-2023	2022-2023	
	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent							
1.1 Compensation of employees	4,405,396	1,162,361		5,567,757	2,536,334	3,031,423	
1.2 Committee allowances	2,428,398	3,924		2,432,322	2,435,060	(2,738)	
1.3 Use of goods and services	2,583,816	565,158		3,148,974	2,414,940	734,034	
Total	9,417,610	1,731,443	-	11,149,053	7,386,334	3,762,719	
2.0 Monitoring and evaluation							-
2.1 Capacity building	2,405,200	121,164		2,526,364	614,200	1,912,164	
2.2 Committee allowances	1,062,355	1,000		1,063,355	762,940	300,415	
2.3 Use of goods and services	791,250	(36,265)		754,985	300,593	454,393	
Total	4,258,805	85,899	-	4,344,704	1,677,733	2,666,972	
3.0 Emergency							
	7,636,190			7,636,190		7,636,190	
3.1 Primary Schools				-		-	
3.2 Secondary schools				-		-	
3.3 Tertiary institutions				-		-	
3.4 Security projects				-		-	
3.5 Unutilised				-		-	

*South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b) 2022-2023	Actual on comparable basis(d) 2022-2023	Budget utilization difference(e = c-d)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements			
Total	7,636,190	-		7,636,190	-	7,636,190
4.0 Bursary and Social Security				-		
4.1 Secondary Schools	21,686,061	44,890		21,730,951	14,727,261	9,003,690
4.2 Tertiary Institutions	31,000,000	413,856		31,413,856	34,778,784	(3,364,928)
4.3 Social Security		100,000		100,000	96,000	4,000
4.4 Special Needs	500,000			500,000	20,000	480,000
Total	53,186,061	558,746	-	53,744,807	49,622,045	4,122,762
5.0 Sports				-		-
5.1	1,589,203	1,906,702		3,495,905	1,300,000	2,195,905
Total	1,589,203	1,906,702		3,495,905	1,300,000	2,195,905
6.0 Environment						
Nyamioumu Primary School	300,000			300,000		300,000
Nyamondo Primary School	300,000			300,000		300,000
Nyamagena Mabariri Primary School	300,000			300,000		300,000
Nyakorere MFA Primary School	150,000			150,000		150,000
Bosaga DOK Primary School	150,000			150,000		150,000
Ichuni SDA Primary School	150,000			150,000		150,000
Nyabigege DOK Primary School	250,000			250,000		250,000
St. Marks Ritara Primary School	300,000			300,000		300,000

*South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b) 2022-2023	Actual on comparable basis(d) 2022-2023	Budget utilization difference(e = c-d)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements			
Kabonyo Primary School	300,000			300,000		300,000
Kiorori Primary School	239,203			239,203		239,203
Mesaria Primary School	300,000			300,000		300,000
Nyagichenche Primary School	300,000			300,000		300,000
		28,642		28,642		28,642
Total	3,039,203	28,642	-	3,067,845	-	3,067,845
7.0 Primary Schools Projects						
Iringa Primary School	7,000,000			7,000,000		7,000,000
Nyakembene Primary School	3,500,000			3,500,000		3,500,000
Nyasasa Primary School	800,000			800,000		800,000
Kebabe Primary School	1,300,000			1,300,000		1,300,000
Rianyamari Primary School	2,000,000			2,000,000		2,000,000
Igare DEB Primary School	1,600,000			1,600,000		1,600,000
Riasuta Primary School	1,000,000			1,000,000		1,000,000
nyangweta SDA		2,000,000		2,000,000	2,000,000	-
Manywa B. Primary School		592,206		592,206	592,206	-
Otendo Primary School		1,000,000		1,000,000	1,000,000	-
Kenyoro Primary School		200,000		200,000	200,000	-
Total	17,200,000	3,792,206	-	20,992,206	3,792,206	17,200,000
8.0 Secondary Schools Projects						-

South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements			
	2022-2023			2022-2023	2022-2023	
Giasobera Secondary School	2,800,000			2,800,000		2,800,000
Ibrahim Ochoi Mixed Secondary School	2,350,000			2,350,000		2,350,000
Karungu Secondary School	2,793,500			2,793,500		2,793,500
Maroo Esinde Secondary School	3,550,000			3,550,000		3,550,000
Moticho Girls Secondary School	1,000,000			1,000,000		1,000,000
Ndonyo Secondary School	3,373,954			3,373,954		3,373,954
Nyamondo Secondary School	7,000,000			7,000,000		7,000,000
Nyasasa Secondary School	1,000,000			1,000,000		1,000,000
Omobiri Secondary School	800,000			800,000	800,000	-
Marongo PAG Secondary School		3,500,000		3,500,000	3,500,000	-
St. Josephs Kiorori Sec. School		5,300,000		5,300,000	5,300,000	-
Nyakorere Sec. School		3,000,000		3,000,000	3,000,000	-
Karungu Sec. School		500,000		500,000	500,000	-
Ayora Sec. School		200,000		200,000	200,000	-
Kiabigoria Sec. School		95,138		95,138	95,138	-
Total	24,667,454	12,595,138	-	37,262,592	13,395,138	23,867,454
9.0 Tertiary institutions Projects				-		
Total		-	-	-	-	-
10.0 Security Projects				-		-

*South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b) 2022-2023	Actual on comparable basis(d) 2022-2023	Budget utilization difference(e = c-d)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements			
Nyamondo Chief's Office	1,034,137			1,034,137		1,034,137
Nduru Sub location Assistant Chiefs Office	1,000,000			1,000,000		1,000,000
Total	2,034,137	-	-	2,034,137	-	2,034,137
11.0 Acquisition of assets				-		-
purchase office furniture	-	49,082		49,082	-	49,082
CFAO Motors K. Ltd	0	568,400		568,400	568,400	-
KRA	0	11,600	-	11,600	11,600	-
Total	0	629,082	-	629,082	580,000	49,082
12.0 Oversight Committee expenses(itemize)				-		-
Payment of Travel costs	120,000			120,000		120,000
Payment of accomodation on travel	300,000			300,000		300,000
Payment of Daily Subsistence allowance	300,000			300,000		300,000
Payment of constituency Oversight committee allowances	300,000			300,000		300,000
Payment of publishing and printing	100,000			100,000		100,000
Payment of telephone expenses	19,602			19,602		19,602
Payment of catering services	180,000			180,000		180,000
Payment of uniforms and clothing for NG CDFC staff	25,000			25,000		25,000

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Programme/Sub-programme	Original Budget(a) 2022-2023	Adjustments(b)		Final Budget c = (a+b) 2022-2023	Actual on comparable basis(d) 2022-2023	Budget utilization difference(e = c-d)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements			
Purchase of refined fuel	90,000	0	-	90,000	-	90,000
Payment for hire of transport	85,000	-	-	85,000	-	85,000
	0			-	-	-
Total	1,519,602	0	0	1,519,602	0	1,519,602
13.0 Other payments				-		-
Renovation of Constituency office		200,000	-	200,000	-	200,000
Audit	-	500,000		500,000	-	500,000
South Mugirango NG-CDF strategic plan	1,950,000			1,950,000	-	1,950,000
Total	1,950,000	700,000	-	2,650,000	-	2,650,000
14.0 unallocated fund						
Unapproved projects						-
NG-CDF motor vehicle	11,290,000			11,290,000		11,290,000
NG-CDFC Office	11,671,909			11,671,909		11,671,909
Bursary Management System	2,500,000			2,500,000		2,500,000
AIA				-		-
PMC savings				-		-

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Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements			
	2022-2023			2022-2023	2022-2023	
Nyakorere Secondary School			3,000,000	3,000,000		3,000,000
St. Joseph Kiorori			5,300,000	5,300,000		5,300,000
Total	25,461,909		8,300,000	33,761,909	-	33,761,909
	151,960,174	21,327,858	8,300,000	179,638,032	78,398,415	103,889,617

(NB: This statement is a disclosure statement indicating the utilization 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

XIII. 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-South Mugirango 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 Equivalent.

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 10 June 2022 for the period 1st July 2023 to 30th June 2023 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.

Significant Accounting Policies Continued

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 2023.

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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XIV. Notes To the Financial Statements

1. Transfers from NGCDF Board

Description	2022-2023	2021-2022
Normal Allocation	Kshs	Kshs
B105287		33,000,000
B105703		34,000,000
B105719		16,000,000
B128701		17,000,000
B163863		14,000,000
B154208		15,000,000
B154430		18,000,000
B154485	-	14,788,879
B089094	-	12,688,879
A888953	-	500,000
B 049297	8,300,000	
B185253	7,000,000	
B206232	21,000,000	
B206272	5,000,000	
B205601	12,000,000	
B205896	12,000,000	
B207681	18,000,000	
B207916	16,000,000	
TOTAL	99,300,000	174,977,758

2. Proceeds From Sale of Assets

	2022-2023	2021-2022
	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	-	-

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3. Other Receipts

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from sale of tender documents	-	150,000
Hire of plant/equipment/facilities	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	150,000

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Notes To the Financial Statements (Continued)

4. Compensation Of Employees

Description	2022-2023	2021-2022
	Kshs	Kshs
NG-CDFC Basic staff salaries	1,758,660	3,154,764
Personal allowances paid as part of salary		
House allowance	260,000	-
Transport allowance	-	-
Leave allowance		-
Gratuity-contractual employees	370,794	864,802
Employer Contributions Compulsory national social security schemes	146,880	-
TOTAL	2,536,334	4,019,566

5. Committee Expenses

5. Committee Expenses	2022-2023	2021-2022
Sitting allowance	1,869,320	3,043,085
Other committee expenses	2,446,960	1,307,320
TOTAL	4,316,280	4,350,405

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6. Use of Goods and services

Description	2022-2023 KShs	2021-2022 KShs
Utilities, supplies and services	87,728	19,000
Communication, supplies and services	-	210,000
Domestic travel and subsistence	283,000	1,646,000
Printing, advertising and information supplies & services	-	128,412
Rentals of produced assets		-
Training expenses	614,200	200,000
Hospitality supplies and services	260,240	312,100
Insurance costs	-	-
Specialised materials and services	-	19,402
Office and general supplies and services	796,880	1,012,308
Fuel , oil & lubricants	224,450	44,800
Other operating expenses & Bank charges	315,380	65,000
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	-	299,600
Routine maintenance- other assets	99,695	-
TOTAL	2,681,573	3,956,622

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Notes To The Financial Statements (Continued)

7. Transfer To Other Government Units

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	3,792,206	57,369,288
Transfers To Secondary Schools (See Attached List)	13,395,138	41,300,000
Transfers To Tertiary Institutions (See Attached List)	-	-
Total	17,187,344	98,669,288

8. Other Grants and Other transfers

	2022-2023	2021-2022
	Kshs	Kshs
Bursary – secondary schools (see attached list)	14,727,261	19,991,000
Bursary – tertiary institutions (see attached list)	34,778,784	19,022,603
Bursary – special schools (see attached list)	20,000	84,000
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	96,000	570,000
Security projects (see attached list)	-	965,864
Sports projects (see attached list)	1,300,000	2,146,915
Environment projects (see attached list)	-	1,800,000
Emergency projects (see attached list)	-	8,824,141
Roads projects (see attached list)	-	-
Total	50,922,045	53,404,523

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Notes To the Financial Statements (Continued)

9. Acquisition Of Assets

	2022-2023	2021-2022
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	580,000	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and renovation of plant, machinery and equipment	-	-
Acquisition of Land	-	-
Acquisition Intangible Assets	-	-
Total	580,000	-

10 Oversight Committee Expenses

	Kshs	Kshs
COC Members allowance	-	-
Other COC expenses	-	-
TOTAL	-	-

11. Other Payments

	2022-2023	2021-2022
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
	-	-

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Name Of Bank, Account No. & Currency	2022-2023	2021-2022
	Kshs	Kshs
12A: Bank Accounts (Cash Book Bank Balance)		
<i>CO OPERATIVE BANK RONGO 01120018205600</i>	43,104,282	22,027,857
<i>Name of Bank, account No. (Deposits account)</i>	-	-
Total	43,104,282	22,027,857
12 B: Cash on Hand		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>Specify</i>)	-	-
Total	-	-
<i>[Provide Cash Count Certificates for Each]</i>		

13; Outstanding Imprests

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		Kshs	Kshs	Kshs
<i>Name of Officer</i>	dd/mm/yy	-	-	-
<i>Name of Officer</i>	dd/mm/yy	-	-	-
<i>Name of Officer</i>	dd/mm/yy	-	-	-
<i>Name of Officer</i>	dd/mm/yy	-	-	-
<i>Name of Officer</i>	dd/mm/yy	-	-	-
<i>Name of Officer</i>	dd/mm/yy	-	-	-
Total		-	-	-

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

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Notes to the Financial Statement Continued

14A:Retention

	2022-2023	2021-2022
	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	-	-

14B: Gratuity

	2022-2023	2021-2022
	KShs	KShs
Gratuity as at 1 st July (A)	-	-
Gratuity held during the year (B)	370,794	864,804
Gratuity paid during the Year (C)	370,794	864,802-
Closing Gratuity as at 30 th June D= A+B-C	-	-

15 BALANCES BROUGHT FORWARD

	2022-2023	2021-2022
	Kshs (1/7/2022)	Kshs (1/7/2021)
Bank accounts	22,027,857	11,300,503
Cash in hand		
Imprest		
TOTAL	22,027,857	11,300,503

[Provide short appropriate explanations as necessary]

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16: Prior Year Adjustments

	Balance b/f as per Audited Financial statements	Adjustments	Adjusted Balance** BF
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)

17: Changes In Accounts Receivable – Outstanding Imprests

	2022-2023	2021-2022
	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	-	-
Net changes in accounts Receivables D – A	-	-

18: Changes In Accounts Payable – Deposits and Retention

	2022-2023	2021-2022
	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	-	-
Net changes in accounts payables D-A	-	-

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Notes To the Financial Statements (Continued)

19. Other Important Disclosures

19.1: Pending Accounts Payable (See Annex 1)

	2022-2023	2021-2022
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
Total	-	-

19.2: Pending Staff Payables (See Annex 2)

	2022-2023	2021-2022
	Kshs	Kshs
NGCDFC Staff	-	-
Others (<i>specify</i>)	-	-
Total	-	-

19.3: Un utilized Fund (See Annex 3)

	2022-2023	2021-2022
	Kshs	Kshs
Compensation of Employees	3,031,423	1,162,361
Committee expenses	(820,603)	654,982
Use of goods and services	3,748,751	
Transfers to Other Government Units	41,067,454	1,497,356
Other grants and transfers	21,056,839	15,940,256
Acquisition of Assets	49,082	629,596
Oversight Committee expenses	1,519,602	
Other Payments	2,650,000	1,872,306
Funds Not yet Approved	33,761,909	8,571,000
Total	104,064,457	30,327,857

19.4: PMC account balances (See Annex 5)

	2022-2023	2021-2022
	Kshs	Kshs
PMC account balances (see attached list)	17,208,174	44,603,123
Total	17,208,174	44,603,123

XV. Annexes

Annexes: 1 Analysis of Pending Accounts Payable

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

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Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2023	Comments
NG-CDFC Staff				
1.				
2.				
3.				
Sub-Total				
Grand Total				

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance		Comments
		Current FY	Outstanding Balance Previous FY	
1.0 Administration and Recurrent				
1.1 Compensation of employees	Employee Salaries	3,031,423	1,162,361	Ongoing
1.2 Committee allowances	Committee allowances	355,924	3,924	Ongoing
1.3 Use of goods and services	committee use of goods and service	1,894,974	565,158	Ongoing
Total		5,282,321	1,731,443	
2.0 Monitoring and evaluation				
2.1 Capacity building	Training allowances	1,912,164	121,164	Ongoing
2.2 Committee allowances	Committee allowances	300,415	1,000	Ongoing
2.3 Use of goods and services	committee use of goods and service	454,393	(36,265)	Ongoing
Total		2,666,972	85,899	
3.0 Emergency				
	To cater for unforeseen circumstances	7,636,190	5,588,217	Ongoing
Total		7,636,190	5,588,217	
4.0 Bursary and Social Security				
Total	Bursary for needy students	6,122,762	8,416,694	Ongoing
5.0 Sports				
5.1	Facilitation of sports tournament	1,550,945	1,906,702	Ongoing
Total		1,550,945	1,906,702	
6.0 Environment				

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Name	Brief Transaction Description	Outstanding Balance		Comments
		Current FY	Previous FY	
Nyamioumu Primary School	Grants to PMC for development	300,000		ongoing
Nyamondo Primary School	Grants to PMC for development	300,000		ongoing
Nyamagena Mabariri Primary School	Grants to PMC for development	300,000		ongoing
Nyakorere MFA Primary School	Grants to PMC for development	150,000		ongoing
Bosaga DOK Primary School	Grants to PMC for development	150,000		ongoing
Ichuni SDA Primary School	Grants to PMC for development	150,000		ongoing
Nyabigege DOK Primary School	Grants to PMC for development	250,000		ongoing
St. Marks Rituro Primary School	Grants to PMC for development	300,000		ongoing
Kabonyo Primary School	Grants to PMC for development	300,000		ongoing
Kiorori Primary School	Grants to PMC for development	239,203		ongoing
Mesaria Primary School	Grants to PMC for development	300,000		ongoing
Nyagichenche Primary School	Grants to PMC for development	300,000		ongoing
		28,642	28,642	ongoing
Total		3,067,845	28,642	
7.0 Primary Schools Projects				
Iringa Primary School	Grants to PMC for development	7,000,000		ongoing
Nyakembene Primary School	Grants to PMC for development	3,500,000		ongoing
Nyasasa Primary School	Grants to PMC for development	800,000		ongoing

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Name	Brief Transaction Description	Outstanding Balance		Comments
		Current FY	Previous FY	
Kebabe Primary School	Grants to PMC for development	1,300,000		ongoing
Rianyamari Primary School	Grants to PMC for development	2,000,000		ongoing
Igare DEB Primary School	Grants to PMC for development	1,600,000		ongoing
Riasuta Primary School	Grants to PMC for development	1,000,000		ongoing
Nyabigege Primary School	-		2,219	Ongoing
kenyoro Primary School	-		290,200	Ongoing
Total		17,200,000	292,419	
8.0 Secondary Schools Projects		-		
Giasobera Secondary School	Grants to PMC for development	2,800,000		
Ibrahim Ochoi Mixed Secondary School	Grants to PMC for development	2,350,000		
Karungu Secondary School	Grants to PMC for development	2,793,500		
Maroo Esinde Secondary School	Grants to PMC for development	3,550,000		
Moticho Girls Secondary School	Grants to PMC for development	1,000,000		
Ndonyo Secondary School	Grants to PMC for development	3,373,954		
Nyamondo Secondary School	Grants to PMC for development	7,000,000		
Nyasasa Secondary School	Grants to PMC for development	1,000,000		
Kiabigoria Secondary School			78,834.00	Ongoing
Ayora Secondary			126,103.00	Ongoing
Total		23,867,454	204,937	

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Name	Brief Transaction Description	Outstanding Balance		Comments
		Current FY	Previous FY	
9.0 Tertiary institutions Projects				
Kisii university	Grants to PMC for development		1,000,000	Ongoing
Total		-	1,000,000	
10.0 Security Projects				
Nyamondo Chief's Office	Grants to PMC for development	1,034,137		
Nduru Sub location Assistant Chiefs Office	Grants to PMC for development	1,000,000		
Total		2,034,137	-	
11.0 Acquisition of assets				
purchase office furniture	Purchase of office furniture	49,082		Ongoing
purchase office furniture	Purchase of office furniture		49,082	Ongoing
purchase of motor cylce	Purchase of office motorbike		580,514	Ongoing
Total		49,082	629,596	
12.0 Other payments				
Renovation of Constituency office	Renovation of NG- CDF office	200,000	-	Ongoing
Audit		500,000		Ongoing
South Mugirango NG-CDF strategic plan	Constituency strategic plan	1,950,000		Ongoing
Renovation of Constituency office	Renovation of NG- CDF office		200,000.00	Ongoing
Ict	ICT hubs		1,172,306.00	Ongoing
Audit	Audit fee		500,000.00	Ongoing

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Name	Brief Transaction Description	Outstanding Balance		Comments
		Current FY	Previous FY	
Nyakorere Secondary School	Grants to PMC for development		3,000,000.00	Implemented
St. Joseph Kiorori	Grants to PMC for development		5,300,000.00	Implemented
AIA		271,000	271,000.00	Ongoing
Total		2,650,000	10,443,306	
13.0 unallocated fund				
Unapproved projects		-		
NG-CDF motor vehicle		11,290,000		Pending Boards approval
NG-CDFC Office		11,671,909		Pending Boards approval
Bursary Management System		2,500,000		Pending Boards approval
Nyakorere Secondary School		3,000,000		Pending Boards approval
St. Joseph Kiorori		5,300,000		Pending Boards approval
Total		33,761,909		
		104,064,457	30,327,855	

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Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost
	(Kshs)			(Kshs)
	2021-2022			2022/2023
Land	-	-	0	-
Buildings and structures	7,281,179	-	0	7,281,179
Transport equipment	4,378,363	580,000	0	4,958,363
Office equipment, furniture and fittings	822,180	-	0	822,180
ICT Equipment, Software and Other ICT Assets	251,000	-	0	251,000
Other Machinery and Equipment	280,067	-	0	280,067
	-			-
Heritage and cultural assets	-	-	0	-
Intangible assets	-	-	0	-
Total	13,012,789	580,000	0	13,592,789

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 Annex 5 –PMC Bank Balances As At 30th June 2023

Name Of The Project/Account Name	Bank Name and Branch	Account Number	Account balance as at 30 Jun 2023 (Kshs)	Account balance as at 30 Jun 2022 (Kshs)
MUMA SDA PRIMARY	KCB- Rongo	1265221812	833	670,579
KEBURANCHOGU DOK PRIMARY	Co-op -Rongo	1141618149500	588,914	3,676,070
ST MARK RITARO DOK PRIMARY	Co-op -Rongo	1141423261200	196,018	1,004,986
NYAMONDO PRIMARY SCHOOL	Co-op -Kisii East	1141016650800	54,726	-
RIONSATA SDA PRIMARY SCHOOL	Co-op-Rongo	1141017525200	2,193,177	3,504,465
IKOBA DEB PRIMARY	KCB-Rongo	1172099650	206,779	1,737,725
GESONSO PRIMARY SCHOOL	Co-op -Rongo	1141017566400	110,304	1,063,480
BOGISERO GETEMBE DEB PRIMARY	KCB -Rongo	1148963855	47,984	98,989
IKOBA PRIMARY SCHOOL	KCB-Rongo	1172099650	-	1,737,725
ST MICHAEL OMOGUMO DOK PRIMARY	KCB -Rongo	1266584188	1,999,857	2,038,048
BOKIMAI SDA PRIMARY SCHOOL	KCB -Rongo	1204140693	76,741	152,371
EBINYINYI DEB PRIMARY SCHOOL	KCB -Kisii	1147192197	144	-
EBURI PRIMARY SCHOOL	KCB-Rongo	1149251069	618	618
ENGOU PRIMARY SCHOOL	Co-op-Rongo	1141017527900	1,712	49,712
ETAGO DOK PRIMARY	KCB -Rongo	1257692933	454,137	1,722,377
GETONO SDA PRIMARY SCHOOL	Co-op -Rongo	1141017532300	3,529	153,594
GIASOBERA SECONDARY SCHOOL	KCB -Rongo	1149260440	64,054	179,947
IGARE DEB PRIMARY SCHOOL	Co-op -Rongo	1141017090600	23,136	1,038,466
KIABIGORIA SECONDARY SCHOOL	KCB -Kisii West	1149106034	1,315	3,445

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Name Of The Project/Account Name	Bank Name and Branch	Account Number	Account balance as at 30 Jun 2023 (Kshs)	Account balance as at 30 Jun 2022 (Kshs)
KIAGWARE SEC.SCHOOL	KCB-Kisii	1136537864	77	17,077
KIASOBERA PRIMARY SCHOOL	KCB -Rongo	1257827804	182,518	89,390
KIMAI ENKORA PRIMARY SCHOOL	KCB-Rongo	1265994331	261,752	424,816
KIORINA DEB PRIMARY SCHOOL	Co-op -Rongo	1117017533800	460,655	1,504,112
MAKARA PRIMARY SCHOOL	Co-op -Rongo	1141017530800	72,151	1,501,315
KEBURUNGA DOK PRIMARY SCHOOL	KCB -Rongo	1257603566	-	211,673
MAKONGENI PRIMARY SCHOOL	KCB-Rongo	1257876430	177,830	534,661
MANYWANDA A PRIMARY SCHOOL	KCB-Rongo	1266681426	13,332	16,099
MARIWA SECONDARY SCHOOL	KCB -Rongo	1279890622	17,475	18,540
MAROO DEB PRIMARY SCHOOL	KCB-Rongo	1264502966	76,216	152,217
MAROO ESINDE SECONDARY SCHOOL	KCB -Kisii West	1149265043	91,598	2,004,554
METABURO PRIMARY SCHOOL	ECO Bank Kisii	6622007400	4,400	-
MOGUMO DEB PRIMARY	KCB -Rongo	1264889879	104,996	737,745
MONIANKU PRIMARY SCHOOL	KCB -Rongo	1279171081	12,520	1,502
MOTICHO GIRLS SECONDARY SCHOOL	KCB -Rongo	1149246863	31,030	851,722
MUMA MIXED SECONDARY SCHOOL	Co-op-Rongo	1141618840300	189,973	2,042,907
NDONYO SECONDARY SCHOOL	Co-op -Rongo	1141618757800	209,044	792,524
NDURU GIRLS HIGH SCHOOL	KCB- Rongo	1128142589	490	1,546,801
NDONYO PRIMARY SCHOOL	KCB -Rongo	1257603388	-	832
NYABIGENA DOK PRIMARY	KCB -Rongo	1287465099	297	297
NYABIGENA BOYS SEC.SCHOOL	Equity-Kisii	510297035444	10,927	-
NYABIOSI MARANATHA PRIMARY SCHOOL	KCB -Rongo	1264858906	6,374	9,141
NYABITUNWA BINE PRIMARY SCHOOL	KCB-Rongo	1257443836	1,031	92,007
NYAKORERE MFA PRIMARY SCHOOL	KCB -Rongo	1172095884	45,874	1,614

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Name Of The Project/Account Name	Bank Name and Branch	Account Number	Account balance as at 30 Jun 2023 (Kshs)	Account balance as at 30 Jun 2022 (Kshs)
NYAKORERE SECONDARY SCHOOL	KCB -Rongo	1274939496	242,816	1,225,248
NYAMAGENA MABARIRI DEB PRIMARY SCHOOL	Eco Bank - Kisii	6622007730	74,196	-
NYAMONDO SECONDARY SCHOOL	Eco Bank - Kisii	6622007385	10,252	-
NYANGWETA DOK PRIMARY SCHOOL	Co-op-Kisii	1139671266200	46,420	-
NYANGWETA DOK SECONDARY	KCB-Rongo	1257781286	49,611	49,611
NYANSEMBE DOK PRIMARY SCHOOL	KCB -Rongo	1149246197	1,486	-
OMOBIRI SECONDARY SCHOOL	KCB -Rongo	1254912185	126,957	344,870
OTENDO PRIMARY SCHOOL	KCB -Rongo	1286361672	130,188	11,224
MANYWANDA GIRLS SECONDARY SCHOOL	Co-op -Rongo	1141618701200	1,963	3,020,192
RAMOYA HILL GIRLS SECONDARY SCHOOL	Co-op-Rongo	1141618587500	2,140	2,140
RIGENA PRIMARY SCHOOL	Co-op-Rongo	1141017472100	10,748	-
RIASUTA PRIMARY SCHOOL	KCB -Rongo	1266527362	2,672,651	4,025,019
RIOSANTA SDA PRIMARY SCHOOL	Co-op -Rongo	1141017525200	2,193,177	3,504,465
NYAMUE PRIMARY SCHOOL	Co-op -Rongo	1141017384200	-	18,540
ST.JOSEPH'S KIORORI SECONDARY SCHOOL	KCB -Rongo	1257864033	1,902,172	-
ST.LINUS ETAGO GIRLS SECONDARY SCHOOL	KCB -Rongo	1298004993	1,473	-
BOMONYAMA DEB PRIMARY SCHOOL	Co-op -Rongo	1141017089800	-	22,477
TABAKA BOYS PRIMARY SCHOOL	Co-op -Rongo	1141618232000	2,805	915
TABAKA BOYS HIGH SCHOOL	KCB -Rongo	1149554479	4,684	5,759
TABAKA DEB PRIMARY SCHOOL	KCB -Rongo	12044400288	-	621
TABAKA TOWNSHIP MIXED SECONDARY SCHOOL	Co-op -Rongo	1141018972400	84	684
MARONGO PAG SECONDARY SCHOOL	Co-op -Rongo	1141241372400	332,880	-
TABAKA GIRLS PRIMARY SCHOOL	Co-op -Rongo	1141017549500	504,645	505,125

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Name Of The Project/Account Name	Bank Name and Branch	Account Number	Account balance as at 30 Jun 2023 (Kshs)	Account balance as at 30 Jun 2022 (Kshs)
NYANGWETA SDA PRIMARY	KCB-Rongo	1252245939	10,262	2,560
MANYWANDA B DOK PRIMARY SCHOOL	KCB-Rongo	1204271275	2,563	116,716
KARUNGU SECONDARY SCHOOL	KCB-Rongo	1266444750	96	-
NYASASA PRIMARY SCHOOL	KCB-Rongo	1264736142	3,880	-
KEBABE DEB PRIMARY SCHOOL	KCB-Rongo	1149296224	7,310	-
RIANYAMARI DOK PRIMARY	KCB-Rongo	1286142954	89,045	-
BOSAGA DOK PRIMARY	KCB-Rongo	1257113976	69,299	-
ICHUNI SDA PRIMARY SCHOOL	KCB-Rongo	1257889716	-	-
NYABIGEGE DOK PRIMARY SCHOOL	KCB-Rongo	1285755421	97,575	97,827
KABONYO PRIMARY SCHOOL	KCB-Rongo	1277045755	1,709	-
NYAMONDO CHIEF'S OFFICE	KCB-Rongo	1286740665	42,242	-
NDURU PRIMARY SCHOOL	KCB-Rongo	1257738380	8,667	110,434
MOTICHO PRIMARY SCHOOL	KCB-Rongo	1265065276	1,164	1,104
NCHORO SDA MIXED SECONDARY SCHOOL	KCB-Rongo	1315618796	9,155	-
NYATWONI SECONDARY SCHOOL	Co-op-Rongo	1141477936500	152,970	153,449
NYAKEMBENE PRIMARY SCHOOL	Co-op-Rongo	1141617757200	5,523	-
IRINGA PRIMARY SCHOOL	Co-op-Rongo	1141017536100	365	-
NYASASA SECONDARY SCHOOL	Co-op-Rongo	1139477493401	47,959	-
NYAGICHENCHE SDA PRIMARY SCHOOL	Co-op-Rongo	1141017529100	70,655	-
KIORORI PRIMARY SCHOOL	Co-op-Rongo	1141017097300	53,058	-
NYAMIOMU PRIMARY SCHOOL	Co-op-Rongo	1141017560500	221,820	-
MESARIA PRIMARY SCHOOL	Co-op-Rongo	1141617924600	6,979	-
TOTAL			17,208,174	44,603,123

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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)
2013/14	<p><u>Other matters</u> The cash and cash equivalent balance of Kshs 27,015,117 as at 30th June 2014 includes outstanding imprest totaling Ksh 2,790,780.00 which ought to have been surrendered or accounted for as of the same date. Further imprest was granted to one officer before accounting for earlier ones issued. The management of the CDF therefore contravened the existing regulations of issuance and accountability of imprest.</p>	<p>The outstanding imprest totaling Ksh 2,790,780.00 which ought to have been surrendered or accounted for as at 30th June 2014 or the same date were for committee operations on project monitoring, evaluation and payments of committee allowances which could not be completed as anticipated. The imprest were issued to the Fund Account Manager who had the personal number among the CDF Committee. The management has since been accounted and surrendered the imprest fully as per attached F.0 20 and Imprest warrants</p>		

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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)
		(annex 1)		
2014-2015	<p><u>Summary Statement of Appropriation</u> The Summary Statement of Appropriation indicates the current year's final budget figures for the total receipts and total payments at Kshs.144,114,763.However,records from the national Government Constituency Development Fund Board indicates that the final approved budget for the year 2014/2015 was Ksh 119,890,426. The Accuracy of the summary statement of appropriation could not therefore be confirmed.</p>	<p>The summary statement of appropriation indicates the current final budget figure for total receipts and total payments as Ksh 144,114,763 against original budget of Ksh 119,890,426.00.The difference of Ksh 24,224,337.00 was a spillover adjustment from financial year ended2013- 2014 as i)Health projects Ksh 4,451,515 ii) Roads projects Ksh 14,800,000.00 iii) Water projects Ksh 4,475,744.00 per attached summary statement of appropriation column b.(Annex 2 copy of code list 2013-2014 and cash book 2014-2015).</p>		

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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)																
	<p>Implementation of projects Contrary to the provision of the CDF Act which requires that all projects under the act be implemented through project management committees (PMCs) with the assistance of relevant Government departments, it was observed that there were some projects funded by the CDF being implemented by the constituency Development Fund Committee (CDFC) as shown below;</p> <table border="1" data-bbox="465 671 1240 1385"> <thead> <tr> <th>project</th> <th>amount</th> </tr> </thead> <tbody> <tr> <td>Ndonyo and Muma primary school playground</td> <td>5,090,950.00</td> </tr> <tr> <td>Omogwa Dispensary-staff house</td> <td>1,480,479.00</td> </tr> <tr> <td>Nyakeiboreire Dispensary -Staff house</td> <td>982,810.00</td> </tr> <tr> <td>Suguta Dispensary-Staff house</td> <td>988,231.00</td> </tr> <tr> <td>Nyamue water project</td> <td>750,000.00</td> </tr> <tr> <td>Nyaronyo Water project</td> <td>998,813.00</td> </tr> <tr> <td>Ichuni Nyakembene</td> <td>906,070.00</td> </tr> </tbody> </table>	project	amount	Ndonyo and Muma primary school playground	5,090,950.00	Omogwa Dispensary-staff house	1,480,479.00	Nyakeiboreire Dispensary -Staff house	982,810.00	Suguta Dispensary-Staff house	988,231.00	Nyamue water project	750,000.00	Nyaronyo Water project	998,813.00	Ichuni Nyakembene	906,070.00	<p>The CDF committee implemented the said projects with the assistance of the technical officers i.e. , the district public works Officer, the District water officer and the Procurement officer to implement the projects since the Project Management committees lacked adequate capacity on project management the CDFC implemented the projects directly ,however all the projects were complete and functional by time they were handed to the county government. Ccurrently the cdfc is continuously building capacity of the Pproject Mmanagement Ccommittees with the assistance from the board and other technical sub</p>		
project	amount																			
Ndonyo and Muma primary school playground	5,090,950.00																			
Omogwa Dispensary-staff house	1,480,479.00																			
Nyakeiboreire Dispensary -Staff house	982,810.00																			
Suguta Dispensary-Staff house	988,231.00																			
Nyamue water project	750,000.00																			
Nyaronyo Water project	998,813.00																			
Ichuni Nyakembene	906,070.00																			

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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)															
	<table border="1"> <tr> <td>water project</td> <td></td> </tr> <tr> <td>Nyagentonkono Water project</td> <td>1,192,500.00</td> </tr> <tr> <td>Nyamondo Water Project</td> <td>1,283,700.00</td> </tr> <tr> <td>Ekioge Water project</td> <td>2,600,000.00</td> </tr> <tr> <td>Total</td> <td>16,273,553.00</td> </tr> </table> <p>Management has not explained why the above projects were implemented by the CDFC in contravention of the law.</p>	water project		Nyagentonkono Water project	1,192,500.00	Nyamondo Water Project	1,283,700.00	Ekioge Water project	2,600,000.00	Total	16,273,553.00	<p>county departments and projects are implemented by Project Management Committees. (Annex ii Handing over letter and completion certificate)</p>							
water project																			
Nyagentonkono Water project	1,192,500.00																		
Nyamondo Water Project	1,283,700.00																		
Ekioge Water project	2,600,000.00																		
Total	16,273,553.00																		
	<p>Unauthorized Re-allocation of funds</p> <p>A review of the accounting records of South Mugirango CDF indicates that payments for the purchase of furniture and the Nyamokomba water projects exceeded the approved allocation for the year under review. The CDF used funds from other budget items as shown below;</p> <table border="1"> <thead> <tr> <th></th> <th>Approved allocation</th> <th>Actual payments</th> <th>Over payment</th> <th>Re-allocation from</th> </tr> </thead> <tbody> <tr> <td>Marongo Secondary School</td> <td>0</td> <td>300,000.00</td> <td>300,000</td> <td>Emergency vote</td> </tr> <tr> <td>St. Mary's Nyabigena Secondary school-construction of one</td> <td>500,000</td> <td>1,000,000</td> <td>500,000</td> <td>Emergency vote.</td> </tr> </tbody> </table>		Approved allocation	Actual payments	Over payment	Re-allocation from	Marongo Secondary School	0	300,000.00	300,000	Emergency vote	St. Mary's Nyabigena Secondary school-construction of one	500,000	1,000,000	500,000	Emergency vote.			
	Approved allocation	Actual payments	Over payment	Re-allocation from															
Marongo Secondary School	0	300,000.00	300,000	Emergency vote															
St. Mary's Nyabigena Secondary school-construction of one	500,000	1,000,000	500,000	Emergency vote.															

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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)								
	<p>classroom</p> <p>The re-allocation were done without approval from the CDF Board, The use of emergency funds did not meet the threshold set for urgent and unforeseen need for expenditure since these were ongoing projects. The use of funds therefore contravened the provision of the CDF Act 2013.</p>											
	<p><u>Inadequate Projects Implementation Documents.</u></p> <p>The South Mugirango Constituency Development Fund committee Disbursed a total of 23,772,493 in the form of transfer to other Government units during the year under review as reflected in the statement of receipts and payments. These funds were administered through project management committee (PMCs) spread throughout the constituency.</p> <p>During the audit review, Disbursement totaling Kshs 13,700,000 made to various PMCs were not adequately supported with complete expenditure returns including cashbooks, bank statements, stores records, minutes and other relevant accounting documents.</p> <p>The projects are as shown below.</p> <table border="1" data-bbox="465 1010 913 1393"> <thead> <tr> <th>Project</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Omobiri Secondary school</td> <td>3,000,000.00</td> </tr> <tr> <td>Nyagichenche Secondary School</td> <td>2,000,000.00</td> </tr> <tr> <td>Nyamonaria Secondary School</td> <td>1,500,000.00</td> </tr> </tbody> </table>	Project	Amount	Omobiri Secondary school	3,000,000.00	Nyagichenche Secondary School	2,000,000.00	Nyamonaria Secondary School	1,500,000.00	<p>It is true that by the time of audit, the listed PMCs had not fully supported the expenditure of funds granted to them by availing cash books, bank statements stores records however the cdhc can confirm that the projects are in use and expenditure supported by minutes and payment vouchers the Project Management Committees cited lack of capacity to maintain stores records and cash book.</p> <p>However currently the NG-CDF committee has built the Project Management committee capacity toward financial management.</p>		
Project	Amount											
Omobiri Secondary school	3,000,000.00											
Nyagichenche Secondary School	2,000,000.00											
Nyamonaria Secondary School	1,500,000.00											

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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)
	Kiendege Secondary School	700,000.00			
	Ayora Secondary School	700,000.00			
	Bogichoncho Primary School	500,000.00			
	Nyasasa Secondary School	2,000,000.00			
	St. Mary's Nyabigena Girls Secondary	1,000,000.00			
	Kiomabundu Deb Primary School	1,000,000.00			
	Marongo Secondary School	300,000.00			
	Nyakorere PAG Secondary School	1,000,000.00			
	Total	13,700,000.00			
	<u>Other matters</u> <u>Budget Performance Analysis</u>		The CDF South Mugirango spent in		

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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)
	<p>The CDF Allocation for South Mugirango Constituency Development Fund was 119,890,426.</p> <p>The CDF South Mugirango Spent in excess of the budget Ksh 1,038,651 on use of goods and services surpassing the budget by 25% with absorption rate of 125%,</p> <p>ii).Kshs.4,451,515 on health institution which was not budgeted for surpassing the budget by 100%,</p> <p>iii).Kshs 20,782,219 in excess of budget on roads surpassing budget by 80% with absorption rate of 180%,and ,</p> <p>iv).Kshs 4,475,744 in excess of budget on water projects surpassing budget by 48% with absorption rate of 148%.</p> <p>Under-absorption on</p> <p>i) Secondary school projects by Kshs. 7,900,000 which is 61%of budget,</p> <p>ii) Primary school projects by 18,216,955 which is 28% of the budget and</p> <p>iii) Kshs 2,980,085 on Security projects which is 17% of budget.</p>	<p>excess of budget as illustrated.</p> <p>The over expenditure on line items was as result of unspent previous year balance to the financial year under review.</p> <p>i)Ksh 1,038,651 on use of goods and service</p> <p>ii). Kshs.4, 451,515 on health was budgeted for in financial year 2013-14 and spent on the financial year 2014-2015 (Annex 5. code list 2013-2014 aie 2013-2014 and cash book 2014-2015).</p> <p>iii). The excess of budget Ksh 20,782,219 on roads consist of Ksh 5,982,219.00 for financial year 2012-13 (Annex 5 code list, 2012-2013 aie 2012-2013 and cash book 2013-14)and Ksh 14,800,000 for 2013-14 on roads (Annex 5 iv). Kshs 4,475,744 in</p>		

*South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

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		<p>excess of budget on water projects is utilized funds from 2013-2014 financial year (Annex 5)</p> <p>The under-absorption were as a result of non-receipts of budgeted funds</p> <p>i)On secondary schools out of ksh 20,100,000, only 12,200,000 was received from the board and spent by the end of financial year under review, Ksh 7,900,000 as per approved code list had not been received (Annex 5)</p> <p>i)On primary schools of the budgeted Ksh 25,337,933 only Ksh 7,120,978 had been received from the board and spent, the balance of ksh 18,216,955 had not been received by the end of the financial year</p>		

South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
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		<p>under review (Annex 5) And thus non expenditure of actual budgeted funds by the end of financial year under review. iii) On security projects, of the ksh 3,600,000 budgeted for in the financial year under review only Ksh 619,915 had been received and spent from the board by the time of audit. The Management would like to confirm that the funds have been received and all the projects implemented and are in use.</p>		
	<p>Rehabilitation of Ndonyo and Muma Playground A contract of Kshs.3, 999,450 was awarded to Roja Enterprises ltd on 28 February 2015 in respect of rehabilitation of works at Ndonyo and Muma Play grounds. The contract was Varied upwards by 1,091,500 to Kshs.5,090,950(inclusive of taxes)as per valuation of works done certificate no.2 prepared in May 2015,and approved by the constituency Roads officer which was 27% above the original contract sum and above the allowable legal contract variation limit of 25%.</p>	<p>A contract was awarded to Roja Enterprise Ltd contract no.CDF/SM/CDF/2014-15/001 to Rehabilitate Ndonyo and Muma playfield at Ksh. 3,999,450.00. The</p>		

South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
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	<p>In addition, the spent funds were over and above the allocation for the year which was 4,000,000. there is also no documents from the tender committee sanctioning the variations. In the circumstances, the fund was in contravention of the public procurement and Disposal Act 2005</p>	<p>contractor was paid in two installments of Ksh. 3,478,140 and Ksh. 1,142,837.50 totaling to Ksh. 4,620,977.50. The contract was varied upwards by Ksh. 821,500 and not by Ksh. 1,091,500 which is less than the allowable limit of 25%. (Annex 6 F.O 20,LSO,summary statement of payment Site instructions to Roja Enterprises ,tender committee minutes and cdfc minutes</p>		
	<p>Nyamue water project A contract of kshs.1, 440,000 was awarded to Sasi Construction Co.Ltd on june 2014 in respect of rehabilitation of Nyamue water works. However, on completion and commissioning, all the pipes burst due to water pressure and using the wrong pipe size .The project is therefore not currently useful to the beneficiaries. Consequently value for money spent on the project was not realized</p>	<p>The committee implemented the project with the guidance of the technical officer (Water officer) who supervised the whole implementation processes. However, on completion and commissioning the pipes burst due to water</p>		

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		pressure but were repaired by the county government and the project is now in use. Being a devolved function of the county government the project was handed over to the county government. (Annex.7. handing over letter)		
	<u>Nyakeboreire Dispensary and Staff House</u> A contract for kshs.1, 482,810 was awarded to Denamo General Suppliers in August 2014 for construction of a staff house at Nyakeboreire Dispensary. However, despite the project having been completed satisfactorily, the Health facility is still not in use one year since completion. Consequently, realization of the project objectives has not been met.	It is true that Nyakeboreire Dispensary had not been utilized for its intended purpose since its completion by the time of audit, However the project is currently in use since being taken over by the county government (Annex 8. handing Over report)		
	<u>Ekioge water project</u> A contract of kshs.2,600,000 was awarded to Ricinams Enterprises .Ltd on 19 th November 2014 for Ekioge water extension project Despite Having been paid in full the contract sum, the contractor had not constructed five(5)Communal water points valued at Kshs. 149,925 and	A contract was awarded to Ricinams ltd, and it is also true that 5 communal water points valued at ksh 149,925 were omitted,		

South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
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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)
	there was no indication that the works would be executed .Consequently, funds totaling to Kshs 149,925 paid for works not done could not be accounted for.	the omission was a result of site instruction to the contractor and approved by the Committee. (Annex. 9 completion certificate and photo		
2015-2016	<p><u>Inaccuracies in the Summary Statement of Appropriation</u></p> <p>i. The summary statement of appropriation reflects an original budget of Kshs.127,151,820 and an adjustment of Kshs 32,326,334.00 bringing the total budget to Kshs 159,478,154.However, the adjustments have not been supported by approved code list showing 2014/2015 activities that were financed in 2015/2016.</p> <p>ii. The constituency received Kshs.126, 651,820 against a budgeted amount of Kshs.127, 151,820 leading to undisbursed balance of Kshs 500,000.</p> <p>iii. The management did not provide schedules of projects earmarked for implementation from the funds rolled-over from the previous year. In the absence of the list of projects, it has not been possible to confirm that the funds were utilized for the intended purpose. Consequently, the accuracy and validity of summary statements of appropriation cannot be confirmed.</p>	<p>It is true the summary statement of appropriation reflects an original budget of Kshs.127, 151,820 and an adjustment of Kshs 32,326,334. Which comprises of unutilized funds from varous financial years as follows</p> <p>i. Kshs.900,223.00 use of good and services for 2012/13</p> <p>ii. Kshs.7,900,000.for Secondary schools 2014-15</p> <p>iii. Kshs 18,216,955.00 primary school 2014-15</p> <p>iv. Kshs 2,980,085 for security projects</p>		

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		<p>2014-15, v. Audit fee ksh 500,000.00</p> <p>ii) It is true the constituency did not receive the Ksh 500,000 which had been allocated for audit fee in financial year 2015/2016. However the funds were later disbursed to the constituency. Through reallocation request the funds have been received and used in approved project by the board. (Annex.10. codelist 2014/15. Aie bank statement ,cash book)</p>		
	<p><u>Non filing of expenditure returns by project management committees.</u> The constituency Development fund disbursed a total of Kshs.38,637,931 being transfer to other Government units during the year under review and specifically to primary and secondary schools. These funds were administered through the project management committees (PMCs)spread all over the constituency ,However, Grants</p>	<p>By the time of audit, some PMCs had not submitted the expenditure returns of funds granted to them, however through regular capacity building we have made emphasis</p>		

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	<p>totaling to Kshs 18,800,000 disbursed to various PMCs were not supported with expenditure returns including cashbooks, bank statements, stores records ,minutes and other relevant accounting documents.</p> <p>In the absence of the supporting documents, the propriety of the disbursements totaling Kshs.38, 637,931 cannot be confirmed</p>	<p>on the project committees to submit the expenditure returns on a regular basis</p>		
	<p><u>Construction of Nyagentonkono Water Project</u> The Constituency Development Fund Committee (CDFC) directly implemented the construction of Nyagentonkono Water Project at contract sum of Kshs 3,264,820 through a contract awarded to Sasi Construction contrary to the provision of the national government constituencies Development Fund Act,2015 which requires that all projects under the act be implemented through project management committees(PMC) with the assistance of relevant National Government departments. Direct implementation by CDFCs contravenes the provision of the Act.</p>	<p>The NG-CDFC implemented the project directly without a project management committee. However due to inadequate capacity among the PMCs the committee implemented the project with the assistance of the relevant government technical department through a contract.</p> <p>The project was functional by the time of handing over to the county government.(completion certificate) annex 11</p>		

**South Mugirango Constituency
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	<p>Other Matters Budget Performance analysis During the year under review, South Mugirango CDF was allocated 127,151,820 by the National Government Constituency Development Fund Board But received Ksh 126,651,820 and incurred and expenditure totaling to Ksh 91,083,741. Comparison of budgets and actual expenditure for the year under review is as shown below.</p> <table border="1" data-bbox="465 710 1355 1396"> <thead> <tr> <th>Item</th> <th>Budget</th> <th>Actual</th> <th>Under Expenditure</th> <th>Over Expenditure</th> <th>Absorption Rate</th> </tr> <tr> <td></td> <td>Ksh</td> <td>Ksh</td> <td>Ksh</td> <td>Ksh</td> <td>%</td> </tr> </thead> <tbody> <tr> <td>Receipts</td> <td>127,151,820</td> <td>126,651,821</td> <td></td> <td></td> <td>96</td> </tr> <tr> <td>Payments</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Compensation of employees</td> <td>2,311,320</td> <td>1,960,070</td> <td>351,250</td> <td></td> <td>85</td> </tr> <tr> <td>Use of goods and services</td> <td>7,873,808</td> <td>3,993,164</td> <td>3,880,644</td> <td></td> <td>51</td> </tr> <tr> <td>Committee expenses</td> <td>1,191,215</td> <td>4,611,825</td> <td></td> <td>3,420,610</td> <td>387</td> </tr> <tr> <td>Social Security Benefits</td> <td>67,320</td> <td>657,620</td> <td></td> <td>590,300</td> <td>977</td> </tr> <tr> <td>Bursary/Cats/Mocks</td> <td>17,500,000</td> <td>13,180,000</td> <td>4,320,000</td> <td></td> <td>75</td> </tr> <tr> <td>Transfer to Primary School</td> <td>14,000,000</td> <td>18,737,931</td> <td></td> <td>4,737,931</td> <td>134</td> </tr> </tbody> </table>	Item	Budget	Actual	Under Expenditure	Over Expenditure	Absorption Rate		Ksh	Ksh	Ksh	Ksh	%	Receipts	127,151,820	126,651,821			96	Payments						Compensation of employees	2,311,320	1,960,070	351,250		85	Use of goods and services	7,873,808	3,993,164	3,880,644		51	Committee expenses	1,191,215	4,611,825		3,420,610	387	Social Security Benefits	67,320	657,620		590,300	977	Bursary/Cats/Mocks	17,500,000	13,180,000	4,320,000		75	Transfer to Primary School	14,000,000	18,737,931		4,737,931	134	<p>The under expenditure during the year was due to the delayed funding from the exchequer. The various projects were undertaken and are currently in use. The over expenditure on committee expenses, security, primary schools and social security was due to the rollover of funds from the previous financial year of Ksh. 35,568,097 which were implemented in the current financial year there was no reallocation. The delayed service delivery was due to delayed funding from the exchequer causing the delay in project implementation</p>		
Item	Budget	Actual	Under Expenditure	Over Expenditure	Absorption Rate																																																											
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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)
	Transfer to Secondary	20,500,000	19,900,000	600,000		97			
	Transfer to tertiary Institutions	12,500,000	0	12,500,000		0			
	Health projects	400,000	0	400,000		0			
	Water projects	5,455,000		1,149,282	4,305,718	21			
	Roads	35,385,510	19,121,508	16,264,002		54			
	Security	1,700,000	3,600,000		1,900,000	212			
	Environmental project	2,000,000	958,000	1,042,000		48			
	Emergency	5,767,647	3,214,341	2,553,306		56			
	Audit Fee	500,000	0	500,000		0			
	Total	127,151,820	91,083,741	46,216,920		10,648,841			
	<p>The following were noted ;</p> <p>I. Overall under expenditure was 36% below budget mainly attributed to low absorption of funds .</p> <p>II. The constituency under spent on eleven (11) line items with a total expenditure of Ksh 46,216,920 and over spent on four (4)line items with a total of Ksh 10,648,841.</p> <p>III. Included in the total payments of Ksh.91,083,741 in the statement of receipt and payments is Ksh 35,568,079 which relates to 2014/2015 which were rollover to the financial year 2015/2016</p> <p>IV. The expenditure shows that the committee expenses,security,Primary Schools,and social security had the highest over expenditure.No explanation was provided for the material variation and neither were</p>								

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	<p>reallocation approved by the National Government constituency Development Fund board before the end of the financial year as required under the NGCDF ACT 2015.</p> <p>V. As at 30th June 2016, the reconciled bank balance was 67,894,413, however some of the projects had not been undertaken and thus the citizens did not receive all the services provided for in the approved budget.</p> <p>Delayed service delivery due to slow rate of absorption of funds may cause project vital to the community's welfare not to be implemented.</p>															
	<p><u>Project verification</u></p> <p>Sixteen(16) projects costing Ksh.22,407,817 were physically verified in June 2017. Nine of the projects were found to be complete and in use as analyzed below.</p> <table border="1" data-bbox="465 890 1137 1410"> <thead> <tr> <th>Details</th> <th>Project Activity</th> <th>Ksh</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Regina SDA Primary School</td> <td>Construction of 2 classrooms and renovation of 7 classrooms</td> <td>1,000,000</td> <td>Project Complete and labeling done</td> </tr> <tr> <td>Nyakeyo Mixed Secondary School</td> <td>Renovation of Dormitory</td> <td>500,000</td> <td>Project Complete and labeling done</td> </tr> </tbody> </table>	Details	Project Activity	Ksh	Remarks	Regina SDA Primary School	Construction of 2 classrooms and renovation of 7 classrooms	1,000,000	Project Complete and labeling done	Nyakeyo Mixed Secondary School	Renovation of Dormitory	500,000	Project Complete and labeling done	<p>The two projects of Nyamondo water project and Ekioge water project were undertaken to completion branded and later handed to the county government as the function had been devolved. The handing over letter has been availed to the auditors for review. Annex 9</p>		
Details	Project Activity	Ksh	Remarks													
Regina SDA Primary School	Construction of 2 classrooms and renovation of 7 classrooms	1,000,000	Project Complete and labeling done													
Nyakeyo Mixed Secondary School	Renovation of Dormitory	500,000	Project Complete and labeling done													

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	Kiobweri Igare Road	Opening Grader works	3,364,820	Project Complete and labeling done			
	Nyagetonk ono water project	Rehabilitation of water spring	922,997	Project Complete and labeling done			
	Bosinange Chiefs Office	Construction of Office	700,000	Project Complete and labeling done			
	Kiendege Secondary School	Construction of Science laboratory	700,000	Complete and in use			
	Nyangweta SDA Secondary School	Construction of a dinning hall	3,000,000	Complete and in use			
	Nyatwoni Secondary School	Construction of two classrooms	1,000,000	Complete and in use			
	Marongo	Construction	1,000,000	Complete			

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	PAG Secondary	on of Dormitory		and in use			
	Ramoya Hill Secondary	Constructi on of Dormitory	2,000,000	Complete and in use			
	Nduru girls High school	Constructi on of Girls dormitory	2,500,000	Complete and in use			
	Nyamondo water project	Rehabilitat ion of distributio n line	350,000	Ongoing			
	Ekioge water project	Purchase and fixing the mains witch and wiring the pump house	470,000	Ongoing			
	Moticho-S uguta	Routine Maintenan ce drainage 6km	1,500,000	Complete and in use			
	Nyamaram be esaka	Routine Maintenan ce drainage 8km	1,500,000	Complete and in use			

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	Rogaro Riasabuon si-Nyandoro matinoEbo ya Access Road	Opening Grader Works	2,000,000	Complete and in use	1,500,000	Complete and in use			
		Total	22,407,817						
	It was noted that two projects were not branded because they were on going .Lack of branding risks overlapping of projects especially in instances where other government agencies fund similar projects .								
2016-2017	<p><u>Unexplained Expenditure Variance</u> The statement of receipt and payments reflect and expenditure of Kshs.8,418,706 in respect of goods and services which however, differ by Kshs 546,598 with the sum of Kshs 8,965,304 derived from the expenditure schedule presented for Audit.</p> <p>No Plausible explanation has been provided by management for the discrepancy</p>						Kshs. 8,418,706 was the actual expenditure during the year, kshs. 546,598 were reversed cheques that had been replaced and were wrongly captured in the expenditure schedules which is highly regretted		
	<p><u>No Trial Balance</u> The management did not present the trial balance as at30 June for audit along with the financial statements.</p>						The trial balance does not form part of the financial statements but part of the supporting schedules to the financial statements hence it was not attached to the financial statements		

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		statements that were submitted. The trial balance has since been availed to the auditors for review. (Annex 12)		
	<p><u>Lack of Clarity on Previous year's Project Allocation</u> The summary of the statement of appropriation reflect an original budget of Kshs.81,896,601 and an adjustment of Ksh 67,894,413,resulting in a total budget of 149,791,015.However,the adjustments have not been supported by an approved code list showing year 2015/2016 project financed in 2016/2017. In the circumstance, it is not possible to identify the 2015/2016 projects financed through the budget for the year under review.</p>	Ksh. 67,894,413 was the opening cashbook balance as at 1 st July 2016. The balance was as a result of unutilized funds of of 2015-2016 which were utilized in the current year. (Annex 13)2015-20 16 code list, aie 2016-2017,cash book 2016-2017)		
	<p><u>Old Presented Cheques</u> The statement of assets as at 30 June 2017 reflects cash and cash equivalent balance of Kshs 7, 443, 717.However,a review of the bank reconciliation statement as at 30 June 2017 reveal inclusion of stale cheques amounting to Kshs.338,603 that contrary to public financial management regulations, has not been reversed in the cash book as at 30 June 2016</p>	Stale cheques Amounting to Ksh 338,603 were not reversed by 30 June 2017,this was accessioned by the delay at the sub county treasury as they waited for the NG CDFC approval to reverse the cheques and replace them. However the same have been reversed (Annex 14) Cash book		

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		extract and BR) 2017-2018																						
	<p>Management Committees. The Constituency Development Fund Committee made disbursements totaling to Kshs.70, 565,362.00 under transfers to other government entities budget item during the year under review. The transfers benefited primary and secondary schools as well as tertiary and health institutions. However, disbursements totaling to Kshs.20, 400,000.00 made to project management committees (PMCs) were not supported with expenditure returns including banks statements, stores and minutes. In the absence of the supporting documents, the occurrence of propriety of the disbursements totaling to Ksh 20,400,000 cannot be confirmed</p>	By the time of audit, some PMCs had not submitted the expenditure returns of funds granted to them, however through regular capacity building we have made emphasis on the project committees to submit the expenditure returns on a regular basis.																						
	<p>Other Matters Budget Absorption Rate Comparison of budgeted and actual expenditure revealed the variance highlighted below;</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Budget (Ksh)</th> <th>Actual(Ksh)</th> <th>Variance (Ksh)</th> <th>Performance%</th> </tr> </thead> <tbody> <tr> <td>Compensation of employees</td> <td>2,720,627.00</td> <td>2,720,627.00</td> <td>0</td> <td>100</td> </tr> <tr> <td>Use of Goods And services</td> <td>8,548,117</td> <td>8,418,706</td> <td>129,411</td> <td></td> </tr> <tr> <td>Transfer to other Governme</td> <td>72,565,362</td> <td>70,565,362</td> <td>2,000,000</td> <td>97</td> </tr> </tbody> </table>	Item	Budget (Ksh)	Actual(Ksh)	Variance (Ksh)	Performance%	Compensation of employees	2,720,627.00	2,720,627.00	0	100	Use of Goods And services	8,548,117	8,418,706	129,411		Transfer to other Governme	72,565,362	70,565,362	2,000,000	97	It's true the committee underspent on Use of Goods and services by Ksh 129, 411, Transfer to other Government entities by Ksh 2,000,000 and Other payments by Ksh 5,314,307. i). The committee could not spend Ksh 2,000,000 as Transfer to other Government entities for projects which had not complied by the requirements before		
Item	Budget (Ksh)	Actual(Ksh)	Variance (Ksh)	Performance%																				
Compensation of employees	2,720,627.00	2,720,627.00	0	100																				
Use of Goods And services	8,548,117	8,418,706	129,411																					
Transfer to other Governme	72,565,362	70,565,362	2,000,000	97																				

*South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

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)																				
	<table border="1" data-bbox="465 384 1263 683"> <tr> <td>nt Entities</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other Grants and transfers</td> <td>61,142,702</td> <td>61,142,702</td> <td>0</td> <td>0</td> </tr> <tr> <td>Other payments</td> <td>6,814,207</td> <td>1,499,900</td> <td>5,314,307</td> <td>22</td> </tr> <tr> <td>Total</td> <td>151,791,015</td> <td>144,347,297</td> <td>7,443,718</td> <td>95</td> </tr> </table> <p data-bbox="465 687 1285 900">As the Data shows, the management underspent on three (3) items namely; use of goods and services, Transfers to other government entities, and other payments. The total amount budgeted was Kshs 151,791,015 but aggregate expenditure was Ksh 144,347,297 resulting in a variance of Kshs 7,443,718 that depicted a budget absorption rate of 95%.</p>	nt Entities					Other Grants and transfers	61,142,702	61,142,702	0	0	Other payments	6,814,207	1,499,900	5,314,307	22	Total	151,791,015	144,347,297	7,443,718	95	<p data-bbox="1379 384 1704 970">funding –these projects fell under security projects. However the same have complied and since been implemented and in use (Annex 15. completion certificate) ii) Other payments Ksh 5,314,307.were emergency balance which could only be spent after the end of the financial year under review, since there was no emergent issue</p>		
nt Entities																								
Other Grants and transfers	61,142,702	61,142,702	0	0																				
Other payments	6,814,207	1,499,900	5,314,307	22																				
Total	151,791,015	144,347,297	7,443,718	95																				
	<p data-bbox="465 1007 1357 1401"><u>Overpayment on construction of Kisii university Campus.</u> Included in the transfers to other government entities balance of Ksh.70,565,362 is Kshs.19,437,908 disbursed to tertiary institution .Part of the allocation to tertiary institution related to a contract for construction of a tuition block (II)at Nyangweta campus of Kisii University. The contract was awarded to a local company at a contract sum of Kshs.12, 394, 745.However, examination of payments made in respect of the contract revealed that a total of 13,949,161.was paid resulting in an over-payment of 1,544,415. Management have not provided any plausible explanation for the over-payment amounting to Ksh.1,544,415.As a result, the validity of the</p>	<p data-bbox="1379 1007 1704 1374">The constituency varied the contract by Ksh 1,544,415, the variation was based on site instruction issued to the contractor which was within the allowable variation limit (Annex.16 statement of variations and site instructions.)</p>																						

South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
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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)
	expenditure cannot be confirmed.			
	During the year under review, a sample of sixteen projects costing Kshs.34, 939, 161 were verified during an audit inspection conducted in June 2018. of this number 14, projects were found to be complete and in use while works on the remaining two were ongoing.	All the projects including the two projects were undertaken and completed and are currently in use. (Annex 17... Completion certificate)		
2017-2018	Net financial position The statement of assets as at 30 June 2018 reflects total financial assets balance of Kshs. 9,037,362 and nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the statement of assets shows net liabilities instead of the net financial position of Kshs.9,037,362.	The template issued during that year had the statement of asset indicating net liabilities instead of the net financial position. The Template was revised in the subsequent financial year and this complied with the requirements		
	Included in the summary statement of appropriation; recurrent and development combined for the year ended 30 June 2018 is an adjustment of Kshs.18,823,027 for both receipts and payments. However, the detailed schedule of the projects in the approved code list in the financial year representing 18,823,027 was not presented for audit. In the circumstances, the Accuracy and completeness of the summary statement of appropriation could not be confirmed.	The Ksh 18,823,027 as per the summary statement of appropriation; recurrent and development combined for the year ended 30 June 2018		

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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)
		<p>comprised.</p> <ul style="list-style-type: none"> i). Ksh 200,000 compensation of employees ii).Kshs 824,137.93 use of goods and services iii).Kshs.15,443,717.31 transfer to other government units iii).Ksh 2,355,172.41 other grants and transfers. <p>(Annex 18 the schedule for 18,823,027, AIE 2016-2017, bank statement and cashbook extract)</p>		
	<p>Included in the transfer to other government units of Ksh 18,223,000 is the transfer to Ramoya Girls Secondary School of Kshs.1, 600,000.00 which was meant for laying slab for the second floor of the library building.</p> <p>However, a physical verification of the project revealed that the funds were used to finish the laboratory counters and fitting of piping system and desk tiles of the laboratory without approval of National Government constituencies Development Fund Board.</p> <p>In the circumstance, the regularity and value for money of the expenditure of Kshs 1,600,000 could not be confirmed.</p>	<p>Its true ksh 1,600,000 was allocated to Ramoya Girls Secondary School for laying slab for the second floor of a library building. It's true the funds were used to finish the laboratory counters and fitting of piping system and desk tiles of the laboratory which is on the</p>		

South Mugirango Constituency
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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)
		ground flow of the same building without the board approval. The school board discussed and resolved that doing a slab will not add value since the school lacked a laboratory. The Management regret not seeking the board approval however as confirmed by audit team on the completion of the school laboratory the laboratory is in use and there value for money.		
	<p><u>Construction of Classrooms at Manywanda Girls Secondary School</u> During the year under review, a total of Kshs.2,000,000 was disbursed for the proposed construction of four classrooms at Manywanda Girls Secondary School. A physically verification in March 2019 revealed that the project was incomplete and only a slab had been done. As a result, value for money of the expenditure could not be ascertained.</p>	As at the time of audit the project was still ongoing and the project was later completed and is currently in use. The completion certificate has been availed to the auditors for review.(Annex 19)		
	<p><u>Budget performance Analysis</u> The review of the budget performance revealed that the overall budget</p>	It's true the overall budget absorption rate		

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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)																									
	<p>absorption rate was at 40%. Compensation employees recorded absorption rate of 64%. Use of goods and services recorded absorption rate of 67%. Transfer to other government units recorded absorption rate of 39%. Other grants and transfers recorded absorption rate of 43%. Other payments 14%. there was general under absorption of voted funds as indicated in the table below.</p> <table border="1" data-bbox="465 598 1137 1415"> <thead> <tr> <th>Expense item</th> <th>Approved final Budget (Ksh)</th> <th>Actual expenditure (Ksh)</th> <th>Under expenditure (Ksh)</th> <th>% of Utilization</th> </tr> </thead> <tbody> <tr> <td>Compensation of Employees</td> <td>2,672,300</td> <td>1,722,221</td> <td>950,079</td> <td>64%</td> </tr> <tr> <td>Use of Goods and Services</td> <td>6,164,768</td> <td>4,127,667</td> <td>2,037,102</td> <td>67%</td> </tr> <tr> <td>Transfer to Other Governments Units</td> <td>47,243,717</td> <td>18,223,000</td> <td>29,020,717</td> <td>39%</td> </tr> <tr> <td>Other Grants and Transfers</td> <td>37,375,560</td> <td>16,033,640</td> <td>21,341,920</td> <td>43%</td> </tr> </tbody> </table>	Expense item	Approved final Budget (Ksh)	Actual expenditure (Ksh)	Under expenditure (Ksh)	% of Utilization	Compensation of Employees	2,672,300	1,722,221	950,079	64%	Use of Goods and Services	6,164,768	4,127,667	2,037,102	67%	Transfer to Other Governments Units	47,243,717	18,223,000	29,020,717	39%	Other Grants and Transfers	37,375,560	16,033,640	21,341,920	43%	<p>was at 40%, this was due to late funding from the exchequer. However the fund were received and intended project implemented to completion (Annex.20) code list 2017-2018, Aie, cash book for 2017-2018, completion certificates</p>		
Expense item	Approved final Budget (Ksh)	Actual expenditure (Ksh)	Under expenditure (Ksh)	% of Utilization																									
Compensation of Employees	2,672,300	1,722,221	950,079	64%																									
Use of Goods and Services	6,164,768	4,127,667	2,037,102	67%																									
Transfer to Other Governments Units	47,243,717	18,223,000	29,020,717	39%																									
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South Mugirango Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

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)										
	<table border="1" data-bbox="450 437 1126 624"> <tr> <td>Other Payments</td> <td>12,177,027</td> <td>1,705,000</td> <td>10,472,027</td> <td>14%</td> </tr> <tr> <td>Totals</td> <td>105,633,372</td> <td>41,811,528</td> <td>63,821,845</td> <td>40%</td> </tr> </table> <p>Consequently, the underutilization of the allocated funds negatively affected the achievements of some of the core objectives of the fund which denied the residents value for money and effective service delivery.</p>	Other Payments	12,177,027	1,705,000	10,472,027	14%	Totals	105,633,372	41,811,528	63,821,845	40%			
Other Payments	12,177,027	1,705,000	10,472,027	14%										
Totals	105,633,372	41,811,528	63,821,845	40%										
2018-2019	<p><u>Bursary Disbursements</u> The statement of receipts and payments reflects expenditure of Kshs.45,685,994 under other grants and transfers for the year ended 30 June, 2019. The expenditure includes an amount of Kshs.6,480,790 under Note 7 which was incurred on bursary disbursements to secondary schools. However, audit revealed that, out the total disbursements, an amount of Kshs.5,790,790 was not accounted for or acknowledged as having been received by the beneficiary schools. Consequently, the validity of the expenditure on bursary disbursements of Kshs.6,480,790 could not be confirmed</p>	<p>The constituency did not receive all the acknowledgment receipts during the year. However, the constituency undertook to engage the Postal corporation of Kenya to deliver the bursary cheques and return the acknowledgement receipts. This has improved the accountability of the bursaries</p>												
	<p><u>Net Financial Position</u> The statement of assets and liabilities reflects total financial assets balance of Kshs.9,104,010 and Nil liabilities as at 30 June, 2019. However, contrary to the guidelines issued by the Public Sector</p>	<p>The template issued during that year had the statement of asset indicating net liabilities</p>												

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	Accounting Standards Board, the statement reflects net liabilities instead of net assets and liabilities balance of Kshs.9,104,011. No explanation was provided for this anomaly.	instead of the net financial financial position. The Template was revised in the subsequent financial year and this complied with the requirements.		
	<p><u>Budget Performance Analysis</u> The summary statement of appropriation - recurrent and development reflects final receipts budget and actual on comparable basis of Kshs.172,941,721 and Kshs.117,900,845 respectively resulting to an under funding of Kshs.55,040,876 or 32% of the budget. Similarly, the Fund spent Kshs.108,796,834 against an approved budget of Kshs.172,941,721 resulting to an under-expenditure of Kshs.64,144,887 or 37% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of South Mugirango Constituency.</p>	<p>The underutilization was due to late disbursement of funds from the ex chequer during the financial. However, the funds were received in the preceding financial year, and the intended projects were implemented accordingly.</p> <p>Attached: Codelist and A.I.E completion certificates (Annex 21)</p>		
	<p><u>Non-Implemented Projects</u> The audit revealed that an amount of Kshs.44,200,000 was allocated to fifty-four (54) projects for construction, completion and renovations of classrooms in fifty-four (54) primary and secondary schools. However, these projects were not implemented during the year under review.</p>	<p>The delay in the project implementation was due to the late release of funds from the ex chequer. However the projects were implemented to completion in the subsequent financial year.</p>		

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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)
	Consequently, the constituents did not obtain value for money on the projects not implemented leading to delay in service delivery to the stakeholders	The photos and completion certificate have been availed to the auditor for review(Annex .22)		
2019-2020	<p><u>Cash and Cash Equivalents</u> Note 10(A) to the statement of financial statement reflects Kshs.12,744,665 in respect to bank balances which differs with the balance of Kshs.11,971,608 reflected in the cash book and bank reconciliation statements leading to unexplained or reconciled variance of Kshs.803,057. Further, the bank balance of Kshs.12,715,187 reflected under Note 10A to the financial statements differs with the Kshs.12,744,665 reflected in the statement of assets and liabilities in respect of bank balances resulting to unreconciled variance of Kshs.29,478. Consequently, the accuracy, validity and completeness of the bank balance of Kshs.12,744,665 as at 30 June, 2020 could not be ascertained</p>			
	<p><u>Others grants and transfers</u> Note 5.0 to the financial statement reflects Kshs.29,609,434 in respect to other grants and transfers which differs with Kshs.22,743,267 reflected in the statement of appropriation resulting to unreconciled variance of Kshs.6,865,167. Consequently, the accuracy, validity and completeness of the other grant and transfers balance of Kshs.29,608,434 as at 30 June, 2020 could not be ascertained.</p>	These was an omission during the preparation of the financial statements which has been amended and the amended statement of appropriation availed to the auditors for review. (Annex)		

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	<p>Note 5 to the financial statements reflects Kshs.7,681,652 in respect to use of goods and services for which no supporting schedules, payment sub-schedules and sub- ledgers were not provided for audit review. Consequently, the accuracy, validity and completeness balance of Kshs.7,681,652 in respect of use of goods and services for the year ended 30 June, 2020 could not be ascertained.</p>	<p>Kshs. 7,681,652 was the expense under the various sub items under the use of goods and services. The schedule had been misplaced within the office however they have been availed to the auditors for review. Annex...</p>		
	<p><u>Other matters.</u> <u>Budgetary analysis</u></p> <p>Analysis of the budget and actual amounts showed that out of the budgeted receipts of Ksh 201,681,492. only Ksh. 123,040,878 or approximately 61% was made available to the fund for utilization. Further, the expenditure financial reports showed that the Fund utilized Kshs.119, 569,105 which is 59% of the budgeted expenditure amount.</p> <p>The underutilization of the approved budget hindered the achievements of some of the core objective of the fund, which in turn adversely affected the effectiveness and efficiency in the</p>	<p>The projects were not implemented due to delay in disbursement of funds from the exchequer. However the projects has since been implemented and are in use (Annex certificate of completion</p>		

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	delivery of services to the constituents.			
	<p><u>Project implementation status</u></p> <p>Projects with a total allocation of Ksh.44, 645,871 had not been funded as at the time of audit and therefore had not been started .No explanation was given as to why some projects were not implemented.</p> <p>Slow and non-implementation of the approved projects hindered the achievements of some of the core objective of the fund, which in turn adversely affected the effectiveness and efficiency in the delivery of services to the constituents</p>	<p>The projects were not implemented by the time of audit due to delay in disbursement of funds from exchequer however the projects have been implemented and are in use . The photos and completion certificates have been availed to the auditors for review.(Annex</p>		
2020-2021	<p><u>Inaccuracies in the Financial Statements</u></p> <p>The statement of receipts and payments reflects transfers to other Government entities of Kshs.84, 660,900 while Note 6 to the financial statements reflects kshs.83, 887,843 resulting to an unexplained variance of Kshs.773, 057. Further Note 7 to the financial statements reflects other grants and other payments comparative balance of Kshs.30, 381,491 whereas the prior year audited balance was Kshs.29, 608,434 resulting to an unexplained variance of Kshs.773, 057.</p> <p>In addition, the statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects compensation of employee totalling to Kshs.3, 494,650. However, the supporting schedules provided reflected an amount of Kshs.3, 925,480 resulting to an</p>	<p>The management has reconciled the variance and adjusted the financial statement accordingly as per attached financial statement.</p>		

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	<p>unexplained variance of 430,830.</p> <p>In the circumstances, the accuracy of the compensation of employees balance of Kshs.3, 494,650 could not be confirmed.</p>			
	<p><u>Inaccuracies in Cash and Cash Equivalents</u> The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.11, 300,503. However, review of bank reconciliation statements revealed un-presented cheques totaling Kshs.22, 497,289 which included stale cheques totaling to Kshs.220, 067 which were not payable and had not been reversed in the cash book as at 30 June, 2021. In addition, Note 10 the financial statements reflects cash book comparative balance of Kshs.11,971,608 whereas the prior year audited balance was Kshs.12,715,187 resulting to unexplained variance of Kshs.743,579.</p> <p>In the circumstances, accuracy and completeness of the cash and cash equivalents balance of Kshs.11, 300,503 could not be confirmed.</p>	<p>The management has reversed the stale cheques as per attached updated cash book and reconciliation statement in our response to management letter dated 9th May, 2022.</p>		
	<p><u>Other Matters</u> <u>Budgetary Control and Performance</u> The summary statement of appropriation reflects final receipts budget and actual on a comparable basis of Kshs.219, 717,268 and Kshs.173, 528,389 respectively, resulting to an under-funding of Kshs.46,188,879 or 21% of the budget. Similarly, the Fund expended Kshs.162, 227,885 against an approved budget of Kshs.219, 717,268 resulting to an under-expenditure of Kshs.57, 489,383 or 26% of the budget.</p>	<p>The delay in implementation of projects was due to late release of funds from the exchequer. However the funds were received and the projects implemented and are complete and in use.(Annex)comple</p>		

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	The underfunding and under performance affected the planned activities and may have impacted negatively on service delivery to the public.	tion certificates		
	<p><u>Incomplete and stalled projects</u> Review of documents revealed that an amount of Kshs.2, 626,046 was disbursed to Ndonyo Secondary Schools for construction of a 500 student capacity multipurpose hall to completion. However, physical verification of the project revealed that only the walls and foundation works had been done and the building was incomplete and had stalled.</p> <p>Further, an amount of Kshs.3, 000,000 was disbursed to Manywanda Girls Secondary Schools for construction of a 4 storey classroom. The scope of works involved slabbing first floor and fitting of steel doors and windows of ground floor, plastering and painting to completion.</p> <p>However, physical verification of the project revealed that the walling and foundation for the classroom were done by bricks and building was incomplete and it had stalled.</p>	<p>Ndonyo Secondary School project file containing all the relevant requested documents were availed for audit review, the project was funded in 202/2021 financial year and by the time the proposal was made for financial year 2021/2022, works were ongoing and the management could not be able to get revised work plan for inclusion in the request for funding, however, the committee included the project in the project proposal for in the financial year 2022/2023 for funding consideration which is still within three year funding as per the NG-CDF Act and the</p>		

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		<p>project is currently ongoing. Attached: Codelist 2022/2023 The management would like to confirm that Manywanda Gils Secondary School project was allocated funds in the financial year 2021/2022 to complete the phase to make it useable. The project is currently complete and in use. The completion certificate and photos. Annex...</p> <p>Attached: Codelist 2021/2022</p>		
	<p><u>Irregular Purchase of Schools Buses</u> The statement of receipts and payments reflect transfers and other payments of Kshs.84, 660,000. The expenditure includes an amount of Kshs.17, 800,000 that was disbursed to three (3) secondary schools for purchase of school buses. However, the Fund used direct procurement which is contrary to Section 104 of the Public Procurement and Asset Disposal Act, 2015 which states that a procuring entity may use direct procurement if the goods, works or services are available only from a particular suppliers or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods, works or services and no</p>	<p>The purchase of the school buses was done by use of the government contract agreement between the government and association motors limited. The contract agreement has been availed for review. Annex</p>		

**South Mugirango Constituency
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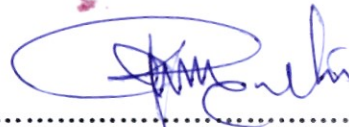
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>reasonable alternative or substitute exists. In addition, the contract documents were not provided for audit review.</p> <p>In the circumstances, the Management was in breach of the law and value for money from expenditure could not be confirmed.</p>			
	<p><u>Delayed Project's Completion</u></p> <p>Review of the project implementation's status reports for the financial years 2017/2018 and 2018/2019 revealed that six (6) projects funded at a cost of Kshs.6,700,000 over the years remained incomplete/ongoing and were at various stages of implementation against the provisions of the Section 46(2) of the NG-CDF Act, 2015 and Regulation 11(1) of the NG-CDF Regulation, 2016 requiring that ongoing projects to be given preference in funding to ensure that they are completed within three years.</p>	<p>The committee took into account the observation and included the incomplete projects in the proposal in subsequent financial n year and funds allocated implemented and are complete</p> <p>Attached: Codelist 2022-2023</p>		
	<p><u>Irregular Bursary Disbursements</u></p> <p>Review of the Sub-committee expenditure documents revealed that Kshs.43, 907,408 was issued as bursary to tertiary institutions. However, Management did not provide documentation to confirm that the Sub-committee as constituted co-opted two members, one of whom must</p>	<p>The Management would wish to confirm the existence of the bursary subcommittee as established in the board directive and involvement in vetting and before approval and</p>		

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	be the area education officer or representative of the Ministry of Education. This is contrary to the CDF Board circular reference VOL 1/111, dated 13 September, 2010 which requires formation of a subcommittee of Constituency Development Fund to manage the bursary scheme including two co-opted members one of whom must be an education officer or an officer seconded from the Ministry of Education.	awarding by the NG-CDF Committee, as per attached subcommittee vetting minutes and NG CDFC minutes approving the sub committee awarded beneficiaries. Annex...		
SNY/S-MUG NGCDF/2021/20 22(12)	Stale Cheques in bank reconciliation statements	The management regret the above omission however has reversed and replaced the cheque appropriately as per cash book and bank reconciliations	Resolved	
	Budgetary Control and Performance	The management would want to confirm that the under funding of the budget with Ksh 8,300,000 was as a result of pending project approval which has since been approved as per attached code list and the projects are under implementation. The management further confirm that the 16%	Resolved	

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		difference in budget execution was as a result of late funding and but all the projects have been implemented are in use.		
	Delayed Purchase of a 46-Seater Semi Luxury School Bus at Omobiri Secondary School.	The management confirms that Omobiri secondary school shall make payment form the delivery of the bus once the final payment shall be made upon receipt of the funds from the board		



.....
Name: Francis Onyango
Fund Account Manager.

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