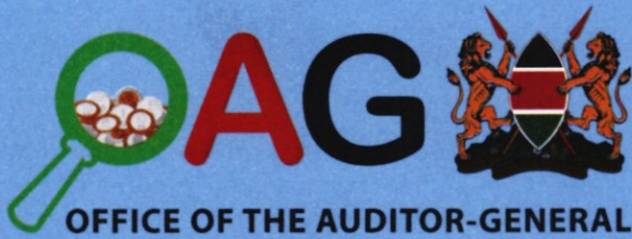


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 JUL 2024	THURSDAY
TABLED BY:	Hon. Samuel Chepkong'o CBS
CLERK-AT THE TABLE:	Anne Shibuko

REPORT

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

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

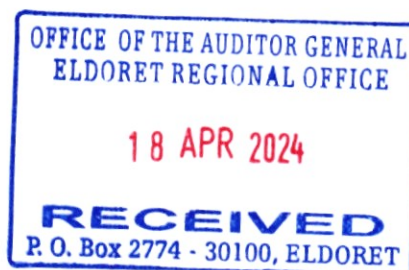
**FOR THE YEAR ENDED
30 JUNE, 2023**



ALDAI 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)



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I. Acronyms and Abbreviations

Provide a list of all applicable acronyms and abbreviation e.g.

NGCDF	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;
- 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 Aldai 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	Joseph K.N.Rotich
2.	Sub-County Accountant	Winnie Chesesio
3.	Chairman NG-CDFC	Daniel Cheruiyot
4.	Member NGCDFC	Magdalene Rono

(c) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Aldai 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) Aldai Constituency NGCDF Headquarters

NG-CDF Building,
Kaptumo-Kobujoi Road
P.O. Box 173, Kobujoi
KENYA

(e) Aldai Constituency NGCDF Contacts

Telephone: (254) 0722-864244
E-mail: cdfaldai@ngcdf.go.ke
Website: www.go.ke

(f) Aldai Constituency NGCDF Bankers

Kenya Commercial Bank
Account No.1106819578
Nandi Hills Branch
P.O.Box 122
SEREM

(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



The NG-CDF Aldai has made considerable achievements towards implementation of projects for the financial year ended 30th June 2023. The constituency received a total of Kshs 57,000,000 from The NGCDFB and had a bank balance brought forward of Kshs 7,439,442. The constituency was able to disburse kshs. 62,053,806 to projects, bursaries and office operations hence leaving a balance carry forward of Kshs.2,385,637

The total budget allocated to the constituency was Kshs 151,960,174.00 of which we received Kshs. 57,000,000 within the financial year with Kshs 94,960,174 outstanding balance from the board.

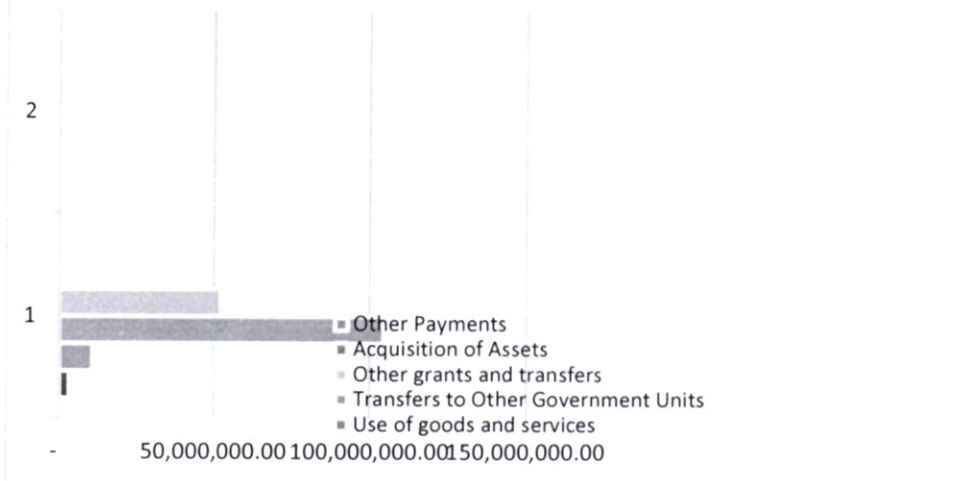
The NGCDFC under my leadership was able to Chanel funds towards the construction of various laboratories to facilitate secondary schools carry out practical's during their end year examinations. Aldai constituency has been able to fund construction of Aldai High School which has admitted over five hundred students as at the end of the financial year 2022/2023.

Aldai NG CDF is engaging the relevant national government department to deploy competent technical personnel to help with the project implementation.

Key achievements for the financial year 2022 2023

- Secondary students, Colleges and University students were able to be retained in schools and institution because of bursary payments.
- Pupils were able to study and get lectures from classrooms instead of under trees.
- Tree planting in schools and purchase Kentanks too schools enable school and its environs get water and clean/fresh air to breath.
- More primary and secondary schools were increased in number which later created employment of fresh graduates.
- Security was improved in the constituency because of construction of police station and chiefs offices.

Sector analysis



ALDAI GIRLS HIGH SCHOOL MULTI PURPOSE HALL



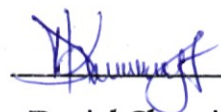
Kobujoi Police station construction of the station



Chepkuny Primary Construction of 2 classrooms

Challenges, Emerging Issues and Recommendation

The committee experienced notable challenges including delay in release of funds from NGCDFB, which adversely affected monitoring of projects and capacity building of the various stake holders. We also faced the problem of shortage of technical staffs who are supposed to help in implementation of projects.



Daniel Cheruiyot

Date... 4/4/2024

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 *Aldai Constituency 2021-2025* plan are to:

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:

Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels	In FY 2022/2023 the NGCDF committee undertook the following - renovation of eight classrooms in three primary school. - Kshs 47,792,318 was utilized towards Bursary to beneficiaries at all levels
Security	Police officers get good working environment	-Reduce theft. -People will follow the law and order	-People walk freely at night. -Business operation till late hours	-10 chief office complete and useable
Environment	-Get accessible and clean water -Enable schools get toilets	-Over seven primary school got tanks to harvest rain water	Seven tanks were bought by NG-CDF -Two primary schools benefited from pit latrines	The environmental challenge of water wastage and availability of clean water to schools was achieved.
Sports	To nature talents from youth	Ward team were able play competitively at constituency level	Trophies were awarded to the best winners	Youth compete up to Constituency level
Emergency	Cater for Emergency activities	Student were able to be retain at schools	Four toilets and 2 classrooms blown by wind were constructed.	NGCDF will increase utilization of emergency for more projects

V. Statement of Governance

V.1 Appointment of NGCDF Members

- i. The formation of the NG-CDFC Members is guided by the NG-CDF Act Section 43(1) (2) (3) & (4).
 - a. This procedure shall start upon receipt of the guidelines on formation of NG CDFC from the NG CDF Board,
 - b. The FAM shall write a letter to the DCC and Constituency Office Manager requesting for the nomination of members of the selection panel as per the guidelines and maintain a record confirming receipt
 - c. The DCC shall nominate in writing an officer or his/her representative who will be the chairperson to the NG CDFC selection panel.
 - d. The Constituency Office Manager shall nominate in writing two persons of either gender to be members of the selection panel.
 - e. The chair shall then convene the first selection panel meeting to document criteria for selection of the four members to the NG-CDFC (Male and female adults, male and female youth) and advertise (the applicants shall be given two weeks to submit their applications).
 - f. The FAM shall then write to the Constituency Office Manager requesting for the nomination of two persons of either gender as per the guidelines issued by the NG-CDF Board to be members of the NG-CDFC maintain a record confirming receipt
 - g. The Constituency Office Manager shall then nominate in writing the two members to the NG-CDFC.
 - h. The FAM shall write to a registered group representing people with disabilities in the constituency as per the guidelines as issued by the NG-CDF Board requesting for nomination of one person with disability to sit in the NG-CDF committee and maintain a record confirming receipt
 - i. The PWD organization shall nominate in writing a member to the NG-CDFC.
 - j. Applications are received at the NG-CDF office and recorded in the application register.
 - k. Within one week after the closure of the advertisement, the Selection panel shall convene to shortlist the suitable candidates as per the criteria in the advert. The successful candidates shall then be called for interviews within seven days.
 - l. The Selection panel shall hold the interviews of the invited candidates and come up with the final list of qualified nominees to the NG-CDFC.
 - m. The FAM shall then submit to the NG-CDF Board the report of the selection panel which includes seven nominees and the Nominee of the Board to the NG-CDFC as per the guidelines within seven days.
 - n. The FAM shall ensure that the timelines set out in the regulations are adhered to during the process of selection and appointment of NGCDF Committees
- ii. The selected members are forwarded to parliament through CEO of the board for purpose of gazzement
- iii. Upon gazzement the DCC or the FAM shall for the first meeting where the chairperson and secretary are elected

V.2 NG-CDFC Handing Over Processes

Paragraph 24(1) of the NG-CDF Regulations 2016 states that the officer of the board seconded to the constituency shall preside over the handover from one Constituency committee to another and shall submit a report on the hand over within fourteen days from the date of the hand over.

V.3 Removal of members is as in the act 2015 section 13 ,a,b,c,d,e f and g

‘ A member of the Constituency Committee may be removed from office on any one or more of the following grounds-

- a) Lack of integrity;
- b) Gross misconduct;

- c) Embezzlement of public funds;
- d) Bringing the committee into disrepute through unbecoming personal public conduct;
- e) Promoting unethical practises;
- f) Causing disharmony within the committee;
- g) Physical or mental infirmity.

V.4 Roles and function of the committee

- a) Build the capacity of PMCs and sensitise the community on operations of the fund
- b) Consider project proposals from all wards in the constituency
- c) Ensure that all proposed projects that are approved for funding meet the sec 24 of the Act
- d) Consult with relevant line ministries in the implementing the projects
- e) Ensure adequate funding of the proposed projects
- f) Ensure project reports are prepared and forwarded to the board
- g) Submit financial reports to the board within stipulated time

V.5 Induction and Training

The committee on being inaugurated are taken for induction by the Board and subsequent training are done the constituency as per there training plan

V.6 Meetings

The committee is to have a maximum of 24 meetings and a minimum of 12 in a financial year as per the 2015 Act

The committee members declare conflict of interest in any matter as the procurement and disposal Act by a standard form at the time of the matter

The committee members are remunerated from the fund at Kshs 5,000 for members and 7000 for the chairman .

V.7 Ethics and Conduct

The Anticorruption sub committee was formed on the first meeting and members have been trained on the same, The conduct of members is also the act as some of the reasons for removing a member from the committee

V.8 Risk Management

Risk management is a tool by the board to gauge on the risks that the constituency goes though which is attested on monthly basis by the staff. The report is discussed at the meeting by the committee

VI. Environmental and Sustainability Reporting

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

- a. **Education and Training:** Aldai NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.
- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels

FY 2022/2023 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

- Report on the frequency of how often NG-CDF supported students carry out environmental conservation activities e.g. planting trees once in an academic calendar
- Sensitization of youth/ community on the impact of drugs after by construction of police stations supported NG-CDF.
- NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.

3. Employee welfare

We invest in providing the best working environment for our employees. Aldai 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. Aldai constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

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

4. Market place practices-

Aldai NG-CDF Constituency is committed to fair and ethical market practises.

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

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

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

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

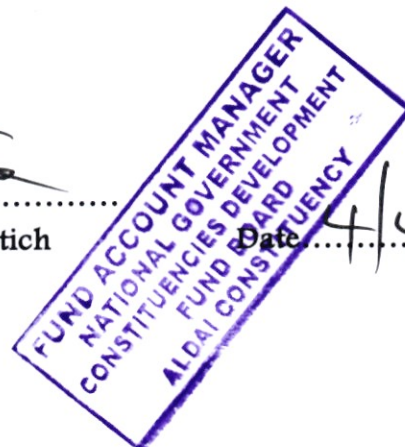
Public Awareness

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

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



Name Joseph K.N.Rotich



Date 4/4/2024

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-Aldai 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-Aldai 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- Aldai 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.

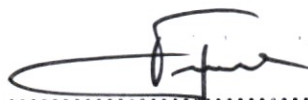
The Accounting Officer in charge of the NGCDF Aldai Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for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

Approval of the financial statements

The NGCDF- Aldai Constituency financial statements were approved and signed by the Accounting Officer on **4th April, 2024**



Name: Daniel Cheruiyot
Chairman – NGCDF Committee



Name: Joseph K.N. Rotich
Fund Account Manager



REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - ALDAI 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 the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Aldai Constituency set out on pages 1 to 28, which comprise of the statement of assets and liabilities as at 30 June, 2023, and 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 - Aldai 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015 (Amended 2022).

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of receipts and payments and Note 5 to the financial statements reflects comparative committee expenses amount of Kshs.6,070,850 while the statement of cashflows reflects Nil amount. Further, the statement of receipts and payments and Note 6 reflects comparative use of goods and services amount of Kshs.5,200,039 while the statement of cashflows reflects Kshs.11,270,889 resulting an unexplained variance of Kshs.6,070,850.

In the circumstances, the accuracy and completeness of the comparative amounts reflected in the financial statements could not be confirmed.

2. Unsupported Project Management Committee Bank Balances

Annex 5 to the financial statements reflects Project Management Committee (PMC) bank balances of Kshs.5,139,371 held in forty-three (43) bank accounts maintained in various commercial banks. However, the cash books, bank reconciliation statements and certificates of bank balances for the forty-three (43) bank accounts were not provided for audit.

In the circumstances, the accuracy and completeness of the Project Management Committee (PMC) bank balances of Kshs.5,139,371 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 - Aldai 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

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on a comparable basis of Kshs.159,399,616 and Kshs.64,439,442 respectively resulting to under-funding of Kshs.94,960,174 or 60% of the budget. Similarly, the Fund spent Kshs.62,053,806 against actual receipts of Kshs.64,439,442 resulting to an under-expenditure of Kshs.2,385,636 or 4% of the actual receipts.

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

My opinion is not modified in respect of this matter.

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 Audit Matters

In the audit of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Provide Schedule of Meetings

Note 5 to the financial statements reflects committee sitting allowances of Kshs.1,841,042. However, there was no evidence indicating that a schedule of meetings which were to be held during the year was prepared and tabled before the Constituency Committee. Further, there was no evidence that copies of the minutes were submitted to the Board within thirty days after the confirmation and execution of the minutes in the manner prescribed by the Board. This was contrary to Regulation 7(9) and 7(12) of the National Government Constituencies Development Fund Regulations, 2016 which states

that the Secretary shall, at the beginning of every financial year, in consultation with the officer of the Board seconded to the Constituency, prepare and table before a Constituency Committee a schedule of the meetings to be held during the year and copies of the minutes referred to in paragraph (9) shall be submitted to the Board within thirty days after the confirmation and execution of the minutes, in the manner prescribed by the Board.

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

2. Non-Disbursement of Funds from the Board

The statement of receipts and payments and as disclosed in Note 1 to the financial statements reflects transfers from National Government Constituencies Development Fund Board amount of Kshs.57,000,000. It was noted that the budgeted amount for the year 2022/2023 was Kshs.151,960,174 out of which the Fund received an amount of Kshs.57,000,000 leaving a balance of Kshs.94,960,174 not received. This was contrary to Section 39(2) of the National Government Constituencies Development Fund Act, 2015 (Amended 2022) which states that the disbursement of funds to the Constituency fund account shall be effected at the beginning of the first quarter of each financial year and the three equal instalments at the beginning, of second, third and fourth quarter.

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

3. Failure to Open Deposit Account

The statement of assets and liabilities and as disclosed in Note 12A to the financial statements reflects cash and cash equivalents balance of Kshs.2,385,636. However, a deposit bank account for holding third party monies was not opened. This was contrary to Section 7(a)(1A) of the National Government Constituencies Development Fund Act, 2015 (Amended 2022) which states that each constituency shall open one deposit bank account for holding third party monies which shall so be designated and such an account shall be known by the name of the constituency for which it is opened.

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

4. Project Implementation Status

During the year under review, the Fund had planned to implement twenty-four (24) projects with a budget of Kshs.48,540,843. However, all projects had not started as at 30 June, 2023.

In the circumstances, value for money was not obtained from the twenty-four (24) projects which had not started.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

IX. Statement of Receipts and Payments for the Year Ended 30th June 2023

	Note	2022 - 2023	2021 - 2022
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	57,000,000	171,277,758
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		57,000,000	171,277,758
PAYMENTS			
Compensation of employees	4	4,532,546	3,146,630
Committee expenses	5	3,259,422	6,070,850
Use of goods and services	6	3,449,520	5,200,039
Transfers to Other Government Units	7	1,700,000	104,415,000
Other grants and transfers	8	49,112,318	51,975,114
Acquisition of Assets	9	-	1,308,950
Oversight Committee Expenses	10	-	-
Other Payments	11	-	-
TOTAL PAYMENTS		62,053,806	172,116,583
SURPLUS/DEFICIT		(5,053,806)	(838,825)
RECEIPTS			

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 NG-CDFC on **4th April 2024** and signed by:



Fund Account Manager

Name: Joseph K.N. Rotich



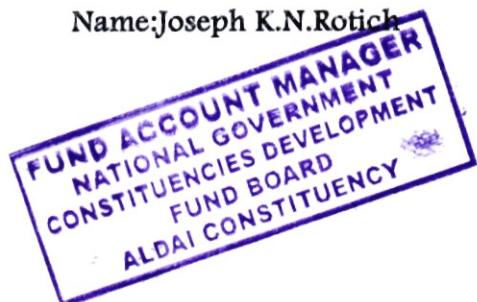
National Sub-County Accountant

Name: Winnie Chesesio
ICPAK M/No: 20672



Chairman NG-CDF Committee

Name: Daniel Cheruiyot



X. Statement of Assets and Liabilities As At 30th June, 2023

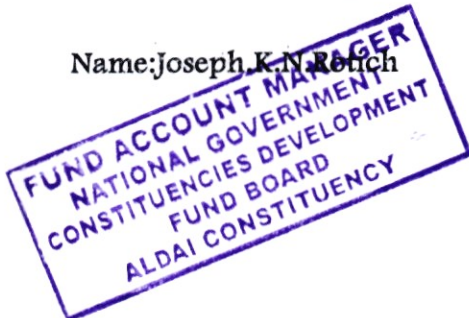
	Note	2022/2023 Kshs	2021/2022 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	2,385,636	7,439,442
Cash Balances (cash at hand)	12B	-	-
Total Cash and Cash Equivalents		2,385,636	7,439,442
Accounts Receivable			
Outstanding Imprests	13	-	-
TOTAL FINANCIAL ASSETS		2,385,636	7,439,442
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	14A	-	-
Gratuity	14B	-	-
NET FINANCIAL ASSETS		2,385,636	7,439,442
REPRESENTED BY			
Fund balance b/fwd 1st July...	15	7,439,442	8,278,267
Prior year adjustments	16	-	-
Surplus/Deficit for the year		(5,053,806)	(838,825)
NET FINANCIAL POSITION		2,385,636	7,439,442

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 **4th April 2024** and signed by:

Fund Account Manager

Name: Joseph K. N. R. R. R. R.



National Sub-County Accountant

Name: Winnie Chesic
ICPAK M/No: 20672

Chairman NG-CDF Committee

Name: Daniel Cheruiyot

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

	Notes	2022-2023 Kshs	2021-2022 Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	57,000,000	171,277,758
Other Receipts	3	-	-
		57,000,000	171,277,758
Payments for operating activities			
Compensation of Employees	4	4,532,546	3,146,630
Committee expenses	5	3,259,422	-
Use of goods and services	6	3,449,520	11,270,889
Transfers to Other Government Units	7	1,700,000	104,415,000
Other grants and transfers	8	49,112,318	51,975,114
Oversight Committee Expenses	10	-	-
Other Payments	11	-	-
		62,053,806	170,807,633
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		(5,053,806)	470,125
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(1,308,950)
Net cash flows from Investing Activities		-	(1,308,950)
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(5,053,806)	(838,825)
Cash and cash equivalent at BEGINNING of the year	12	7,439,442	8,278,267
Cash and cash equivalent at END of the year		2,385,636	7,439,442

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

The Constituency financial statements were approved by NG CDFC on **4th April, 2024** and signed by:



Fund Account Manager

Name: Joseph K.N. Rotich



National Sub-County Accountant

Name: Winnie Chesiesio
ICPAK M/No: 20672



Chairman NG CDF Committee

Name: Daniel Cheruiyot



XII. Summary Statement of Appropriation for The Year Ended 30th June 2023

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	B		c=a+b	d	e=c-d	f=d/c %
	2022/2023	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2022/2023	2022/2023		
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from NG-CDF Board	151,960,174	7,439,442	-	159,399,616	64,439,442	94,960,174	40.4%
Proceeds from Sale of Assets				-	-	-	
Other Receipts				-	-	-	
TOTAL RECEIPTS	151,960,174	7,439,442	-	159,399,616	64,439,442	94,960,174	40.4%
PAYMENTS							
Compensation of Employees	5,492,140	909,632	-	6,401,772	4,532,546	1,869,226	70.8%
Committee expenses	2,728,000	1,031,154	-	3,759,154	3,259,422	499,732	86.7%
Use of goods and services	4,818,699	822,213	-	5,640,912	3,449,520	2,191,393	61.2%
Transfers to Other Government Units	-	2,700,000	-	2,700,000	1,700,000	1,000,000	63.0%
Other grants and transfers	54,598,290	1,976,443	-	56,574,733	49,112,318	7,462,415	86.8%
Acquisition of Assets	-	-	-	-	-	-	-
Oversight Committee Expenses	-	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-	-
Unapproved Funds	84,323,045	-	-	84,323,045	-	84,323,045	-
TOTAL	151,960,174	7,439,442	-	159,399,616	62,053,806	97,345,810	38.9%

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

Explanatory Notes.

(a) There was no AIA received during the year under review.

(b) Only a total of 40% of the targeted budget was received with 38.9% being spent. This is due to the fact that Kshs. 84,323,045 of the funds targeted for projects was not approved by the board due to non inclusion of the existing ongoing projects. The case is currently being handled.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	97,345,810

Less undisbursed funds receivable from the Board as at 30th June 2023	94,960,174
	2,385,636
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2022/2023	2,385,636

The Constituency financial statements were approved by NG CDFC on **4th April, 2024** and signed by:



Fund Account Manager

Name: Joseph K.N. Rotich



National Sub-County Accountant

Name: Winnie Chesusio
ICPAK M/No: 20672



Chairman NG-CDF Committee

Name: Daniel Cheruiyot



THE UNIVERSITY OF CHICAGO
LIBRARY
540 EAST 58TH STREET
CHICAGO, ILL. 60637

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilisation (f=d/c %)
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements				
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent							
1.1 Compensation of employees	5,492,140	909,632	-	6,401,772	4,532,546	1,869,226	71%
1.2 Committee allowances	948,000	1,217,464	-	2,165,464	1,465,303	700,161	68%
1.3 Use of goods and services	2,252,419	-	-	2,252,419	1,085,857	1,166,562	48%
Total	8,692,559	2,127,096	-	10,819,655	7,083,706	3,735,949	65%
2.0 Monitoring and evaluation							
2.1 Capacity building	1,050,000	60,549	-	1,110,549	1,110,549	-	100%
2.2 Committee allowances	1,780,000	575,354	-	2,355,354	1,794,119	561,235	76%
2.3 Use of goods and services	1,516,280	-	-	1,516,280	1,253,114	263,166	83%
Total	4,346,280	635,903	-	4,982,183	4,157,782	824,401	83%
3.0 Emergency							
3.1 Banja Primary School	700,000	-	-	700,000	700,000	-	100%
3.2 Kaptwai Primary School	300,000	-	-	300,000	300,000	-	100%
3.3 Nandi South DCC Resident	320,000	-	-	320,000	320,000	-	100%
3.5 Unutilised	6,316,190	92,206	-	6,408,396	-	6,408,396	0%
Total	7,636,190	92,206	-	7,728,396	1,320,000	6,408,396	17%
4.0 Bursary and Social Security							
4.1 Secondary Schools	28,195,800	733,181	-	28,928,981	28,808,080	120,901	100%
4.2 Tertiary Institutions	14,097,000	-	-	14,097,000	13,167,010	929,990	93%
4.3 Social Security	-	66,000	-	66,000	62,990	3,010	95%
4.4 Special Needs	-	-	-	-	-	-	0%
4.5 Mocks and Cats	4,669,300	1,084,938	-	5,754,238	5,754,238	-	100%
Total	46,962,100	1,884,119	-	48,846,219	47,792,318	1,053,901	98%
5.0 Sports							
Total	-	-	-	-	-	-	-

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilisation (f=d/c %)
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements				
6.0 Environment							
6.1 Environment Project		118	-	117.58		117.58	0%
Total	-	118	-	117.58	-	117.58	0%
7.0 Primary Schools Projects							
7.1 Kapkoi Primary School		400,000	-	400,000	-	400,000	0%
7.2 Mokoywa Primary School		400,000	-	400,000	400,000	-	100%
Total	-	800,000	-	800,000	400,000	400,000	50%
8.0 Secondary Schools Projects							
8.1 Kamarich Secondary School		1,300,000	-	1,300,000	1,300,000.00	-	100%
8.2 Teldet Secondary School		600,000	-	600,000	-	600,000	0%
Total	-	1,900,000	-	1,900,000	1,300,000	600,000	68%
9.0 Tertiary institutions Projects							
Total	-	-	-	-	-	-	-
10.0 Security Projects							
Total	-	-	-	-	-	-	-
11.0 Acquisition of assets							
Total	-	-	-	-	-	-	-
12.0 Oversight Committee Expenses (itemize)							
Total	-	-	-	-	-	-	-
13.0 Other payments							
Total	-	-	-	-	-	-	-
14.0 unallocated fund							
Unapproved projects	84,323,045			84,323,045	-	84,323,045	0%
AIA					-	-	
PMC savings					-	-	
Total	84,323,045	-	-	84,323,045	-	84,323,045	0%
GRAND TOTAL	151,960,174	7,439,442	-	159,399,616	62,053,806	97,345,810	39%

XIV. 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-Aldai 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.

Compensation of Employees

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

Significant Accounting Policies continued

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.

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.

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

Significant Accounting Policies continued

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 30th June 2022 for the period 1st July 2022 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.

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.

There was no errors during the year.

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.

XV. Notes To the Financial Statements

1. Transfers from NGCDF Board

Description	2022-2023	2021-2022
	Kshs	Kshs
NGCDF Board		
B140828		34,188,879
B105372		34,000,000
B105588		34,000,000
B105969		10,000,000
B105990		16,000,000
B128753		26,000,000
B154356		17,088,879
B185003	7,000,000	
B185553	21,000,000	
B206286	12,000,000	
B185834	5,000,000	
B205675	12,000,000	
TOTAL	57,000,000	171,277,758

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	-	-

3. Other Receipts

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

Notes To the Financial Statements (Continued)

4. Compensation Of Employees

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,283,516	2,965,610
Personal allowances paid as part of salary	-	-
House Allowance	-	-
Transport Allowance	-	-
Leave allowance	-	-
Gratuity to contractual employees	1,136,260	93,000
Employer Contributions Compulsory national social security schemes	112,770	88,020
Total	4,532,546	3,146,630

5. Committee Expenses

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Sitting allowance	1,841,042	2,914,100
Other committee expenses	1,418,380	3,156,750
Total	3,259,422	6,070,850

6. Use of Goods and services

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Utilities, supplies and services	30,000	143,960
Communication, supplies and services	30,430	9,450
Domestic travel and subsistence	1,027,847	120,000
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	734,449	1,644,137
Hospitality supplies and services	277,150	100,000
Insurance costs	29,722	384,903
Specialised materials and services	-	-
Office and general supplies and services	245,089	631,698
Fuel , oil & lubricants	840,000	1,000,000
Other operating expenses	-	-
Bank Charges	4,730	42,019
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	230,103	600,972
Routine maintenance- other assets	-	522,900
TOTAL	3,449,520	5,200,039

Notes The Financial Statements (Continued)

7. Transfer To Other Government Units

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	400,000	45,400,000
Transfers To Secondary Schools (See Attached List)	1,300,000	59,015,000
Transfers To Tertiary Institutions (See Attached List)		
Total	1,700,000	104,415,000

8. Other Grants and Other transfers

	2022-2023	2021-2022
Bursary - Secondary (see attached list)	28,808,080	15,327,000
Bursary -Tertiary (see attached list)	13,167,010	18,725,500
Bursary- Special Schools	-	-
Mocks & CAT (see attached list)	5,754,238	-
Social Security programmes (NHIF)	62,990	-
Security Projects (see attached list)	-	5,487,898
Sports Projects (see attached list)	-	1,100,850
Environment Projects (see attached list)	-	441,660
Emergency Projects (see attached list)	1,320,000	10,892,206
Roads Projects	-	-
TOTAL	49,112,318	51,975,114

9. Acquisition Of Assets

	2022-2023	2021-2022
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	1,308,950
Refurbishment of Buildings	-	-
Purchase of Vehicles Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of office furniture and 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 Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
TOTAL	-	1,308,950

Notes To the Financial Statements (Continued)

10. Oversight Committee Expenses

	2022-2023	2021-2022
	Kshs	Kshs
COC Members allowance	-	-
Other COC expenses	-	-
TOTAL	-	-

11. Other Payments

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

12. Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2022-2023	2021-2022
	Kshs	Kshs
	Kshs	Kshs
	(30/6/2023)	(30/6/2022)
<i>Kenya Commercial Bank,A/C no.1106819578 , Branch - Nandi Hills. (main account)</i>	2,385,636	7,439,442
Kenya Commercial Bank,A/C no. Branch . (deposit account)	-	-
	-	-
TOTAL	2,385,636	7,439,442
12B: CASH IN HAND)		
	2022-2023	2021-2022
	Kshs	Kshs
	(30/6/2023)	(30/6/2022)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
TOTAL	-	-

Notes To the Financial Statements (Continued)

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>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<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		-	-	-

Notes to the Financial Statement Continued
14. Retention and Gratuity

14 A. 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	-	-

14 B. Gratuity	2022-2023	2021-2022
	KShs	KShs
Gratuity as at 1 st July (A)	-	-
Gratuity held during the year (B)	-	-
Gratuity paid during the Year (C)	-	-
Closing Gratuity as at 30 th June D= A+B-C	-	-

15. Fund Balance B/F

	(1st July 2022-23)	(1st July 2021-22)
	Kshs	Kshs
Bank accounts	7,439,442	8,278,267
Cash in hand	-	-
Imprest	-	-
Total	7,439,442	8,278,267
Less	-	-
Payables: - Retention	-	-
Payables – Gratuity	-	-
Fund Balance Brought Forward	-	-

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 KShs	2021-2022 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 Retentions

	2022-2023 KShs	2021-2022 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	-	-

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
NG-CDFC Staff	-	428,694
Others (<i>specify</i>)	-	-
Total	-	428,694

19.3: Unutilized Fund (See Annex 3)

	2022-2023	2021-2022
	Kshs	Kshs
Compensation of Employees	1,869,226	909,632
Committee expenses	499,732	1,031,154
Use of goods and services	2,191,393	822,213
Transfers to Other Government Units	1,000,000	2,700,000
Other grants and transfers	7,462,415	1,976,443
Acquisition of Assets	-	-
Oversight Committee Expenses	-	-
Other Payments	-	-
Funds pending approval	84,323,045	-
TOTAL	97,345,810	7,439,442

19.4: PMC account balances (See Annex 5)

	2022-2023	2021-2022
	Kshs	Kshs
PMC account balances (see attached list)	5,139,371	14,305,519
TOTAL	5,139,371	14,305,519

XVI. 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					

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.				
4.				
5.				
6.				
Sub-Total			-	-
Grand Total			-	-

Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance Current FY- 2022/2023	Outstanding Balance Previous FY 2021/2022	Comments
Compensation of employees		1,869,226	909,632	
Use of goods & services		2,691,125	1,853,367	
	Sub-Total	4,560,351	2,762,999	
Amounts due to other Government entities				
Primary Schools - Kapkoi Primary School		400,000	400,000	
Primary Schools - Mokoywa Primary School			400,000	
Secondary Schools - Kamarich Secondary School		-	1,300,000	
Secondary Schools - Teldet Secondary School		600,000	600,000	
	Sub-Total	1,000,000	2,700,000	
Amounts due to other grants and other transfers				
Environment		118	118	
Bursary Secondary		120,901	400,221	
Bursary Tertiary		929,990	1,417,899	
Social Security		3,010	66,000	
Emergency		6,408,396	92,206	
	Sub-Total	7,462,415	1,976,443	
Acquisition of assets				
Oversight Committee Expenses(itemize)				
Others (specify)				
	Sub-Total		-	
Funds pending approval		84,323,045	-	
	Grand Total	97,345,810	7,439,442	

Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land				
Buildings and structures	9,305,609		-	9,305,609
Transport equipment	10,265,299	-	-	10,265,299
Office equipment, furniture and fittings	978,570	-		978,570
ICT Equipment, Software and Other ICT Assets	791,450			791,450
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	21,340,928			21,340,928

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

PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Previous FY
Amkiruk Primary School	KCB Serem	1255689633	1,703	33,829
Chepkuny Primary School	KCB Serem	1162373482	26,12.00	3,677
Gambogi Primary School	KCB Serem	1202443079	3,078	3,205
Kapinderem Primary School	KCB Serem	1157943225	5,702	202,020
Kapkeben Primary School	KCB Serem	1294246038	2,457	3,648
Kapkenduiwo Primary School	KCB Serem	1292373962	40,004	5,195
Kapkeruge Primary School	KCB Serem	1173338756	2,693.00	-
Kapko Primary School	KCB Serem	1212953517	7,313	7,565
Kapkongai Primary School	KCB Serem	1267681411	58,338	158,464
Kapsamut Primary School	KCB Nandihills	1198222859	12,448	804,559
St.Marys Kongoro Primary School	KCB Serem	1167351835	1,099	29,668
Kapsoiyo Primary School	KCB Kapsabet	1209852829	1,262	1,902,572
Kipchorwa Primary School	KCB Mbale	1128270838	-	885
Kipkegenda Primary School	KCB Serem	1183879407	1,242	1,242
Kiplengwai Primary School	KCB Serem	1256879959	3,248	4,691
Kosiage Primary School	KCB Serem	1154367436	99	3,990
Mugang Primary School	KCB Serem	1260176037	942	139,133
Kipkuti Primary School	KCB Nandihills	1202339549	261	513
Siginwai Primary School	KCB Serem	1154158780	4,706	152,080
St. Peters Chepkongony Primary School	KCB Serem	1238996639	1,592	23,657
St.Teresa Chelemei Primary School	KCB Serem	1267681411	824	158
St. Teresa Korongoi Primary School	KCB Serem	1197781110	824	2,015
Kimaren Primary School	KCB Serem	1183522665	133,591	775,928
Keburo Primary School	KCB Nandihills	1295141639	2,214	878,975
Kitapkoi Primary School	KCB Kapsabet	1153813130	487	3,679
Kapkeruge Secondary School	KCB Serem	1173338756	2,693	2,819
Kapkolei Girls Secondary School	KCB Nandihills	1124372261	24,352	1,024,604
Aldai Boys High School	KCB Serem	1172966850	20,404	1,622,573
Aldai Girls Secondary School	KCB Serem	1233792709	550,622	643,907
Dr. Sally Kosgei Secondary School	National Bank Kapsabet	1025056594200	2,133	2,133
Ibanja Secondary School	KCB Serem	1166543250	689	816

PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Previous FY
Kamarich Secondary School	National Bank Kapsabet	1024055719102	3,712,340	3,712,340
Kimolwo Secondary School	KCB Serem	1283019884	2,669	9,795
Mogoiywo Secondary School	KCB Serem	1167956532	1,859	3,170
Ndurio Secondary School	National Bank Kapsabet	1025055507301	505,059	505,059
Siksik Secondary School	KCB Kapsabet	1178333280	11,392	11,644
Koyo Secondary School	KCB Serem	1179112784	5,575	1,609,148
Lebelen Primary Sc Hool	KCB Serem	1179546423	885	5,885
Kaptumek Secondary School	KCB Serem	1106802632	6,239	1,568
Aic Chepkebuge Secondary School	KCB Serem	1290837406	1,004	2,195
Samitui Primary School	National Bank Kapsabet	1024056719800	4,538	4,538
St. Annes Kapkemich Girls Secondary School	KCB Serem	1116271753	2,002	496
Nandi South Division Headquarters	KCB Serem	1275518931	1,484	1,484
	TOTAL		5,139,371	14,305,519

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)
1	<p>Unsupported and unconfirmed ownership of fixed assets</p> <p>The statements of receipts and payments reflects transfer to other government units amount of Kshs. 104,415,000 which include Kshs. 9,400,000 disbursed to (6) project management committees for purchase of school land. The payment vouchers, valid rates clearance certificate in respect of the property and legal ownership document were however, not provided for audit to confirm the vendors own the said pieces of land. Further, the county surveyor report and registration documents of the property in favor of the schools were not provided for audit.</p> <p>In addition, the transfer to other government units amount of Kshs. 104,415,000 includes Kshs. 14,630,000 disbursed to two (2) PMCs for purchase of 51-seater school buses. The log books for the acquired bus were however, not provided for verification and ownership of the bus could not be confirmed.</p> <p>In the circumstances, the value and ownership of assets reported at Kshs. 24,030,000 could not be confirmed.</p>	<p>NG-CDF office is constructed on the government land under the Kenya Forestry Services. The constituency committee shall liaise with the department/ministry through the DCC to get an official allotment document</p> <p>The NG-CDF Aldai shall ensure that the log books are availed for further verification</p>	Unresolved	
2	<p>Understated cash and cash equivalents balance</p>	<p>The FAM in liaison with the sub County Accountant is investigating the matter to</p>	Unresolved	

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 statement of assets and liabilities reflects cash and cash equivalents balance of Kshs. 7,439,442 as disclosed in Note 10A to the financial statements. Review of the June, 2022 bank reconciliation statement, cashbook, cash analysis. Bank statements, certificate of bank balance and supporting schedules revealed receipts in bank statement of Kshs. 34,000 not yet recorded in cash book, being Appropriations-in-Aid (AIA) deposits. No explanation was provided for not recording AIA deposit in the cash book and as other income in the statement of receipts and payments.</p> <p>In the circumstances, the cash and cash equivalents balance of Kshs.7,439,442 and nil balance of other income are understated.</p>	<p>identify the projects/contractors that paid in the AIA and get the MR receipts for both record into the cash books and accounting purposes.</p>		



Name Joseph K.N.Rotich
Fund Account Manager.

FUND ACCOUNT MANAGER
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND BOARD
 ALDAI CONSTITUENCY

4/4/2024

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